

Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.

BUDGET ESTIMATES
FOR THE
UNITED STATES
DEPARTMENT OF AGRICULTURE
FOR THE FISCAL YEAR ENDING
JUNE 30, 1962



**A SEPARATE FROM THE BUDGET OF
THE UNITED STATES GOVERNMENT
1962**

BUDGET ESTIMATES
FOR THE
UNITED STATES
DEPARTMENT OF AGRICULTURE
FOR THE FISCAL YEAR ENDING
JUNE 30, 1962

A Separate from the Budget of the United States Government
1962



UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1961

TABLE OF CONTENTS

MATERIAL FROM THE 1962 BUDGET:	Page
Budget Message of the President.....	M5
Summary of budget receipts and expenditures (table 1).....	4
Summary of budget expenditures, by agency (table 2).....	5
Summary of new obligational authority by function and agency (table 3).....	6
Summary of changes in status of public debt (table 4).....	7
Summary of budget and trust transactions for fiscal year 1962 (table 5).....	8
Summary of budget authorizations, obligations, expenditures, and balances (table 6).....	13
Summary of new obligational authority by type of authorization and agency (table 7).....	14
Summary of balances available at start of year (table 8).....	16
Summary of expenditures of public enterprise funds (table 9).....	18
Summary statements for the Department of Agriculture:	
Budget authorizations and expenditures.....	331
Expenditures and applicable receipts of public enterprise funds.....	335
Analysis of unexpended balances.....	336
Summary of budget authorizations, expenditures, and balances.....	337
Recapitulation of budget authorizations and expenditures.....	337
Narrative statement.....	338
Estimates of current appropriations and authorizations in detail:	
Access roads, Forest Service.....	414
Acreage allotments and marketing quotas, Commodity Stabilization Service.....	373
Administrative expenses, section 392, Agricultural Adjustment Act of 1938..	375
Agricultural Conservation Program Service.....	359
Agricultural Marketing Service.....	361
Agricultural Research Service.....	341
Animal disease laboratory facilities.....	346
Centennial observance of agriculture.....	408
Commodity Credit Corporation:	
Administrative expenses.....	390
Narrative and financial statements.....	378
Restoration of capital impairment.....	378
Commodity Exchange Authority.....	372
Commodity Stabilization Service.....	373
Conservation reserve program.....	374
Control of forest pests. (See Forest Service.)	
Disaster Loans, etc., revolving fund, Department of Agriculture.....	400
Emergency conservation measures.....	361
Employment provisions (general provisions, secs. 402 and 404).....	420
Extension Service.....	348
Farm tenant-mortgage insurance fund.....	402
Farmer Cooperative Service.....	350
Farmers Home Administration.....	397
Federal Crop Insurance Corporation.....	392
Flood prevention.....	355
Foreign Agricultural Service.....	369
Foreign currency, Agricultural Trade Development and Assistance Act of 1954. (See "Special foreign currency programs.")	
Forest roads and trails (see also Forest Service).....	413
Forest Service.....	410
General Counsel, Office of the.....	403
General provisions:	
Department of Agriculture (secs. 401 to 407, inclusive).....	420
Departments, Agencies and Corporations.....	420a
Forest Service.....	416
Great Plains conservation program.....	356
Information, Office of.....	407
International Wheat Agreement. (See Special Activities.)	
Library, Department of Agriculture.....	409
Local administration, section 388, Agricultural Adjustment Act of 1938....	376
National Wool Act.....	378
Payments to States and Puerto Rico, Agricultural Research Service. (See "State Experiment Stations.")	
Payments to States and possessions, Agricultural Marketing Service.....	364
Permanent appropriations:	
Agricultural Marketing Service.....	365
Agricultural Research Service.....	347
Commodity Credit Corporation.....	378
Forest Service.....	417

MATERIAL FROM THE 1962 BUDGET—Continued

Estimates of current appropriations and authorizations in detail—Continued	Page
Reimbursement to Commodity Credit Corporation for costs of special activities.....	378
Reimbursement to Commodity Credit Corporation, National Wool Act....	378
Removal of surplus agricultural commodities (30 percent of customs receipts).....	366
Rural Electrification Administration.....	395
School lunch program.....	364
Secretary, Office of the.....	404
Soil Bank program. (See "Conservation reserve program.")	
Soil Conservation Service.....	351
Special activities.....	378
Special foreign currency programs:	
Agricultural Research Service.....	343
Foreign Agricultural Service.....	370
State Experiment Stations.....	345
Sugar Act program.....	373
Water conservation and utilization projects.....	358
Watershed protection.....	353
Working capital funds:	
Agricultural Research Center.....	347
Department of Agriculture.....	405
Forest Service.....	418
Part III (trust funds):	
Introduction to Part III.....	920
Trust receipts and expenditures, by organizational unit and account title (table 10).....	923
Estimates of trust funds in detail:	
Agricultural Marketing Service.....	949
Agricultural Research Service.....	947
Commodity Stabilization Service.....	950
Extension Service.....	948
Farmers Home Administration: State rural rehabilitation funds.....	950
Foreign Agricultural Service.....	950
Forest Service.....	951
Office of Information.....	951
Soil Conservation Service.....	948
Part IV (special analyses and tables):	
Introduction to Part IV.....	978
Foreign currency availability and uses (special analysis E).....	1009

BUDGET MESSAGE OF THE PRESIDENT

To the Congress of the United States:

For the fiscal year 1962 I send you budget and legislative proposals which will meet the essential domestic needs of the Nation, provide for the national defense, and at the same time preserve the integrity and strength of our Federal Government's finances.

With this budget, I leave to the new administration and the Congress a progressive and workable financial plan which recognizes national priorities and which reflects my confidence in the strength of our economy now and in the years to come.

A budget surplus was achieved in the fiscal year which ended on June 30, 1960. A narrowly balanced budget is anticipated for fiscal year 1961. The recommendations in this budget provide for still another balanced budget, with a surplus, in fiscal year 1962. The achievement of balanced budgets this year and in the coming fiscal year will help foster noninflationary prosperity at home and strengthen confidence in the dollar abroad.

Despite the persistence of hardship in some local areas, economic activity continues at a high level. It is imperative for the extension of economic growth at a high and sustainable rate that the budget be kept balanced and that we act responsibly in financial matters.

For 1962 the budget estimates reflect expected gains in the national economy and provide for carrying programs forward in an efficient and orderly manner. The estimates also reflect, as in previous years, the budgetary effects of proposed changes in legislation, including the cost of certain new programs. Most of the legislative proposals have been previously recommended. I again urge their enactment.

In total and in its parts, this budget embodies a sensible and forward-looking plan of action for the Government. In brief, it provides for:

1. Increasing our own military capabilities and promoting increased strength in other free world forces;
2. Advancing activities important to economic growth and domestic welfare;
3. Continuing assistance to the less-developed nations of the world whose peoples are striving to improve their standards of living;
4. Increasing support for scientific activities in outer space;
5. Achieving savings by making desirable modifications in existing programs and by charging users the costs of special benefits received by them; and
6. Continuing present tax rates to maintain the revenues needed for a sound fiscal plan.

The policies and proposals in this budget will enable us to meet fully our national and international responsibilities and to promote real and sustainable national progress.

GENERAL BUDGET POLICY

This budget, like each of the seven which I have previously sent to the Congress, reflects the conviction that military strength and domestic advancement must be based on a sound economy, and that fiscal integrity is essential to the responsible conduct of governmental affairs. A surplus in good times, as provided in this budget, helps make up the deficits which inevitably occur during periods of recession. To ignore these principles is to undermine our strength as a Nation through deficits, unmanageable debt, and the resulting inflation and cheapening of our currency.

An 8-year effort has been made by this administration to stabilize the purchasing power of the dollar. This effort, which was a necessary undertaking in view of the heavy depreciation of the dollar's purchasing power following World War II, has had a large measure of success, but the problem of maintaining reasonable price stability will require close and continuing attention in the future.

Our national economy is strong and our national welfare continues to advance. Despite a leveling out in economic activity during the latter part of the calendar year just ended, the total market value of all goods and services produced in our country in the calendar year 1960 increased by approximately \$20 billion over the preceding year

and crossed the half-trillion-dollar mark for the first time in our history. Personal incomes increased more than 5% over 1959, the previous record high. The Economic Report will describe the trends which indicate that further substantial increases can be expected during the calendar year 1961, carrying the gross national product and personal incomes to new highs.

The budgetary outlook for the future reinforces the need for self-discipline in meeting current national demands. Over the next 10 years and beyond,

BUDGET TOTALS

[Fiscal years. In billions]

	1960 <i>actual</i>	1961 <i>estimate</i>	1962 <i>estimate</i>
Budget receipts.....	\$77.8	\$79.0	\$82.3
Budget expenditures.....	76.5	78.9	80.9
Budget surplus (available for debt retirement).....	1.2	.1	1.5
New obligatory authority.	79.6	82.1	80.9
Public debt at end of year..	286.3	284.9	283.4

Note.—Receipts and expenditures on new basis, which eliminates interfund transactions amounting to \$0.7 billion for each of the 3 years shown.

we will be faced with the consequences of many commitments under present laws for nondefense expenditures, in addition to the heavy military burden we must continue to bear.

We can confidently expect that a growing economy will help pay for these commitments. As the labor force grows and employment expands, as business discovers new techniques of production and invests in a larger and more efficient productive base, the national output and income will grow, and with them our ability to finance needed public services. But our resources will not be unlimited. New and expanded Federal programs being urged by special groups are frequently appealing, but, added to existing commitments, they threaten to swell expenditures beyond the available resources.

The Federal Government cannot reasonably satisfy all demands at the same time. We must proceed first to meet those which are most pressing, and find economies to help pay their costs by reappraising old programs in the light of emerging priorities. We must encourage States and localities to increase further their participation in programs for meeting the needs of their citizens. And we must preserve and strengthen the environment in which individual initiative and responsibility can make their maximum contribution.

Our unsatisfactory balance of international payments provides another compelling reason for pursuing sound financial policies. The relationship between our budgetary actions and the balance of payments needs to be carefully examined to assure a minimum adverse effect. Whether the dollar will continue to enjoy high prestige and confidence in the international financial community will depend on the containment of inflation at home and on the exercise of wise restraint and selectivity in our expenditures abroad.

The need for concern about our spending abroad is not strange or surprising. It results from the recovery, profoundly desired and deliberately encouraged by our country, of the major centers of production in Western Europe and Japan following the devastation and disruption caused by war. To reflect this developing state of affairs, changes are now required in some policies established in earlier years. Therefore, I have prescribed certain actions in international transactions under direct governmental control and others are under study. Such measures, combined with proper financial prudence in the handling of domestic affairs and strong export promotion, should significantly improve our balance of payments.

In summary, if we plan wisely and allocate our resources carefully, we can have both public and private advancement. Sound fiscal policies and balanced budgets will sustain sound economic growth and, eventually, will make possible a reduced tax burden. At the same time, we can have necessary improvements in Federal programs to meet the demands of an ever-changing world. If, however, we

deliberately run the Government by credit cards, improvidently spending today at the expense of tomorrow, we will break faith with the American people and their children, and with those joined with us in freedom throughout the world.

BUDGET TOTALS—1961

Current estimates indicate a close balance in the 1961 budget. On the newly adopted basis of excluding interfund transactions, expenditures are estimated at \$78.9 billion and receipts at \$79.0 billion, resulting in a budget surplus of \$0.1 billion. The revenue estimate reflects a justifiably optimistic view as to the course of our economy, based on circumstances described in my Economic Report.

Last January, I proposed a budget for 1961 that showed a surplus of \$4.2 billion. The enactment by the Congress of unrecommended expenditures and the unwillingness of the Congress to increase postal rates reduced this prospect by approximately \$2 billion. In the meantime, lower corporate profits have materially reduced our expectation of tax collections from this source.

The small surplus of \$79 million currently estimated for 1961 takes into account an assumption that postal rates will be increased not later than April 1, 1961.

Despite the congressional increases in the budget last year, the present estimate of \$78.9 billion for 1961 expenditures is about \$900 million less than the figure of \$79.8 billion which appeared in the budget a year ago. The apparent reduction results from (1) the elimination, as announced in last year's budget, of certain interfund transactions totaling \$0.7 billion from the current estimate of expenditures and (2) the shift of employment security grants of \$0.3 billion to trust fund financing as provided by law. As explained elsewhere in this budget, these changes affect receipts as well as expenditures and do not affect the surplus.

Apart from these accounting adjustments, the increases and decreases from last year's estimate of 1961 expenditures are approximately offsetting.

Major increases from the original budget include \$766 million for Federal employee pay raises; \$554 million in losses of the postal service because rates were not increased as proposed; \$269 million for defense programs; \$188 million for health, education, and welfare activities; and \$164 million for civil space activities.

Major decreases from the original estimates include \$600 million for interest on the public debt; \$496 million for the activities of the Commodity Credit Corporation; \$311 million for veterans compensation, pensions, and readjustment benefits; \$93 million for the Export-Import Bank; and \$50 million for military assistance. In addition, a reduction of \$160 million is estimated under the proposal to reduce the postal deficit in 1961 by increasing postal rates effective April 1.

Other reductions, including a normal downward revision in the allowance for contingencies, total \$210 million.

BUDGET TOTALS—1962

For the fiscal year 1962, my recommendations provide for \$82.3 billion in budget receipts and \$80.9 billion in budget expenditures. The resulting budgetary surplus of \$1.5 billion will permit another modest payment on the public debt.

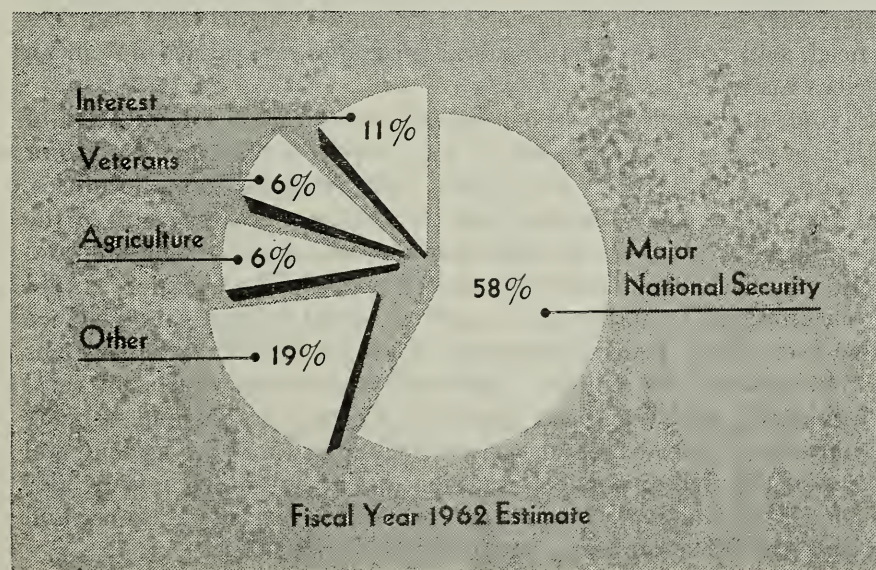
The estimate of receipts in 1962 is \$3.3 billion higher than the current estimate for 1961, and \$4.6 billion more than the receipts actually collected in 1960. Expenditures are also increasing, from a total of \$76.5 billion in 1960 to \$78.9 billion currently estimated for 1961 and \$80.9 billion proposed for 1962.

Budget expenditures.—The increase of \$1.9 billion in estimated expenditures between 1961 and 1962 reflects several factors which are worthy of special note.

First, outlays for our Nation's defenses are estimated to rise by \$1.4 billion in 1962 to a total of \$42.9 billion. Much of this increase reflects continued emphasis on certain expanding defense programs, such as Polaris submarines, the Minuteman missile, the B-70 long-range bomber, a strengthened airborne alert capability, airlift modernization, and modernization of Army equipment. These improvements are for the purpose of keeping our military might the strongest in the world.

Second, the budget provides for substantial continuing efforts to support the cause of freedom through the mutual security program.

PURPOSES OF BUDGET EXPENDITURES



Expenditures for this program in 1962 are estimated at \$3.6 billion, an increase of \$250 million over 1961.

Third, civil space vehicles and space exploration will require \$965 million in 1962, up \$195 million from 1961, and \$564 million more than in 1960. In total, the recommendations in this budget provide for \$9.4 billion in expenditures in 1962 for carrying forward research and development efforts, of which \$7.4 billion is for major national security purposes. The total represents an increase of \$770 million over 1961. As part of the overall research and development effort, increasing Federal support for basic research is being provided. This budget includes \$1 billion for the conduct and support of basic research in universities, industrial establishments, Government laboratories, and other centers of research.

Fourth, increases in expenditures are proposed for certain activities important to domestic well-being and to the future development of our Nation. These include, among others, broadening medical care for the aged; making major improvements in transportation programs; continuing development of our natural resources at a new record level of expenditures; improving our health and welfare programs; providing assistance for construction of elementary and secondary schools and college facilities; assisting areas of substantial and persistent unemployment; and fostering rural development. Expenditures in 1962 for labor, education, health, welfare, community development, transportation aids and services, and conservation of natural resources are estimated to total \$8.6 billion, an increase of \$627 million over 1961.

To some extent these recommended budget increases are offset by proposed reductions which can be effected in existing programs through improved operations and through changes in present laws. These reductions result from a continuous search for ways to restrain unnecessary expenditures in going activities, to recognize real priorities of need, and to assure that Federal programs are carried out in an efficient manner.

Savings are proposed and can be achieved through modification of activities which, in their existing form, require a disproportionate or wasteful expenditure of Federal funds. For example, States, localities, and other non-Federal interests should assume a greater share of the costs of urban renewal, local flood protection, and the building and operating of schools in federally affected areas. The Congress should act on proposals to encourage nongovernmental financing, and reduce reliance on direct Federal financing, in such activities as home loans for veterans and for military personnel, and the expansion of rural electrification and telephone systems. Certain grants and benefits should also be reviewed and revised, including those for agricultural conservation, civil airport construction, airline subsidies, housing aids no longer needed for readjustment of World War II veterans, and agricultural price supports, particularly for wheat.

Benefits to the general taxpayer are also proposed in the coming fiscal year and later years through the enactment of measures to charge users for special services which they derive from particular Government activities. Among these are proposals to eliminate the postal deficit and to provide more adequate taxes on aviation and highway fuels.

Budget receipts.—Estimated budget receipts of \$82.3 billion in 1962 are based on an outlook for higher production, employment, and income as the calendar year 1961 progresses. The accompanying table shows the sources of budget receipts for the fiscal years 1960, 1961, and 1962.

Budget Receipts:

LEGISLATIVE PROPOSALS

1. Extend corporate and excise tax rates scheduled for reduction or termination July 1, 1961.
2. Establish adequate fees and charges for special services or benefits.
3. Raise highway fuel tax to 4½ cents per gallon and repeal the pending diversion of excise taxes from the general fund.
4. Tax aviation fuels at 4½ cents per gallon and credit the receipts to the general fund.
5. Provide equitable taxation of cooperatives.
6. Revise tax on gains from sale of depreciable personal property.

BUDGET RECEIPTS

(See special analysis B in part IV of this document)

[Fiscal years. In billions]

Source	1960 actual	1961 estimate	1962 estimate
Individual income taxes.....	\$40.7	\$43.3	\$45.5
Corporation income taxes.....	21.5	20.4	20.9
Excise taxes.....	9.1	9.3	9.7
All other receipts.....	7.1	6.7	6.9
Total.....	78.5	79.7	83.0
Deduct interfund transactions (included in both receipts and expenditures).....	.7	.7	.7
Budget receipts.....	77.8	79.0	82.3

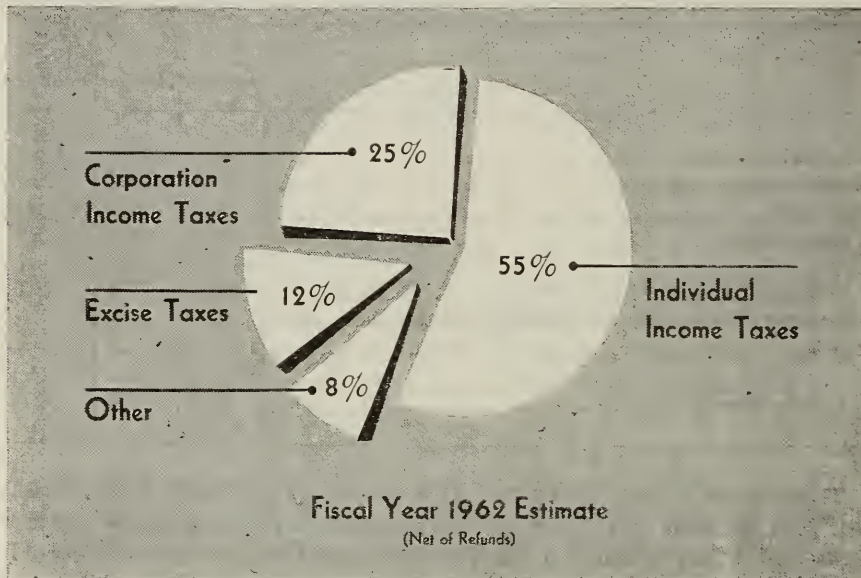
Extension of present tax rates.—It is necessary to extend for another year the present tax rates on corporation income and the excise taxes which are scheduled for reduction or termination on July 1, 1961. The excise tax rates scheduled for reduction include those on distilled spirits, beer, wines, cigarettes, passenger automobiles,

automobile parts and accessories, and transportation of persons; the 10% tax on general telephone service is scheduled to expire. Unless these tax rates are extended, the Federal Government will lose an estimated \$2.6 billion in revenues in 1962, and \$3.7 billion on a full annual basis.

Changes in fees and charges.—In the conduct of certain of its activities, the Government provides special services, sells products, and leases federally owned resources, which convey to the recipients benefits above and beyond those which accrue to the public at large. In fairness to the general taxpayer, the cost of these services or the fair market value of the products and resources which are transferred to private use should be recovered, wherever feasible, through adequate fees and charges. To this end, the Congress was requested last year to provide increased fees and charges for a number of special benefits. With the one exception of fees for non-competitive oil and gas leases no final action was taken. The Congress is again requested to raise postal rates to eliminate the postal deficit and to act favorably on the proposals for increased highway and aviation fuel taxes and for a number of other fees or charges.

The present highway fuel tax rate should be increased by one-half cent per gallon and the resulting rate of 4½ cents should be continued through 1972. This step is necessary to permit timely completion of the Interstate System. It will also make possible the repeal of the unwise diversion from the general fund to the trust fund of excise tax

SOURCES OF BUDGET RECEIPTS



receipts amounting to 5% of the manufacturers' price of passenger automobiles and automobile parts and accessories; this diversion is presently scheduled by law to begin July 1, 1961, and to continue for the fiscal years 1962 through 1964. The Congress should also raise the excise tax rate on aviation gasoline from 2 to 4½ cents per gallon; impose the same excise tax rate on jet fuels, now untaxed; and retain the receipts from these taxes in the general fund to help pay the cost of the Federal airways system. Other aspects of these recommendations are set forth in the discussion of transportation programs in this message.

ESTIMATED SAVINGS TO THE GENERAL TAXPAYERS FROM MORE ADEQUATE
FEES AND CHARGES

[In millions]

Proposal	Fiscal year 1962
Increase postal rates.....	\$843
Support highway expenditures by highway use taxes:	
Repeal pending diversion of general fund excise taxes to trust fund (and increase motor fuel tax).....	810
Transfer financing of forest and public lands highways to trust fund.....	38
Charge users for share of cost of Federal airways:	
Increase taxes on aviation gasoline and retain in general fund.....	38
Tax jet fuels.....	62
Increase patent fees.....	7
Increase miscellaneous fees now below costs.....	9
Total savings.....	1,807

Public debt.—Achievement of the proposed budget surplus for 1962 will enable the Federal Government to make another modest reduction in the public debt. It is estimated that the public debt, which stood at \$286.3 billion on June 30, 1960, will decline to \$284.9 billion by the end of fiscal year 1961 and to \$283.4 billion on June 30, 1962.

If the Congress accepts the proposals in this budget, and the proposed budget surplus for fiscal year 1962 is achieved, at the end of that year the Government will have some operating leeway within the permanent debt limit of \$285 billion. Due to the seasonal pattern of tax collections, however, it will again be necessary for the Congress to provide a temporary increase in the debt limit during 1962. The present temporary debt limit of \$293 billion expires June 30, 1961.

Public Debt:

LEGISLATIVE PROPOSALS

1. Provide temporary increase in debt limit.
2. Remove interest rate ceiling on Treasury bonds.

The Congress is again urged to remove the 4½% statutory limitation on new issues of Treasury bonds, which remains a serious obstacle to efficient long-run management of the public debt. The marketable debt is still too heavily concentrated in

securities of relatively short maturity, with almost 80% of the total coming due within 5 years. Although interest rates have declined in recent months, the continued existence of the interest rate ceiling limits the flexibility of debt operations by the Treasury. It effectively prevents the Treasury under certain circumstances from lengthening the debt by offering longer term securities or exchanges at maturity and, more importantly, it reduces considerably the possible use of the advance refunding technique, which offers the greatest promise for lengthening the average maturity of the debt.

RECEIPTS FROM AND PAYMENTS TO THE PUBLIC

The budget totals exclude the transactions of funds held in trust by the Federal Government as well as certain other transactions affecting the flow of money between the public and the Federal Government as a whole. Trust fund operations are an important factor in this flow and are consolidated with budget transactions to measure the Federal Government's cash receipts from and payments to the public. In this consolidation, certain transactions involving no flow of cash between the Government and the public are eliminated.

Expenditures from trust funds are financed through taxes and other receipts which are specifically designated to serve the special purposes for which the funds were established. About one-half of total trust fund transactions are accounted for by the old-age and survivors insurance system. Other important programs carried on through trust funds include the railroad retirement system, the Federal employees' retirement systems, disability insurance, unemployment compensation, grants for highway construction, purchase of insured and guaranteed mortgages, and veterans life insurance. In certain areas of Government activity, notably labor and welfare, trust fund expenditures far exceed the amounts spent through budget funds and, with the taxes levied to finance them, exert a considerable influence on the economy of the Nation.

Total receipts and expenditures of trust funds more than tripled during the decade of the fifties, and passed the \$20 billion mark in 1960. In 1962, they are both estimated to total \$25.2 billion. Total

receipts from the public in 1962 are estimated at \$103.1 billion and payments to the public at \$101.8 billion, with a resulting excess of receipts of \$1.3 billion.

FEDERAL GOVERNMENT RECEIPTS FROM AND PAYMENTS TO THE PUBLIC

(See special analysis A in part IV of this document)

[Fiscal years. In billions]

	1960 actual	1961 estimate	1962 estimate
Receipts from the public.....	\$95.1	\$99.0	\$103.1
Payments to the public.....	94.3	97.9	101.8
Excess of receipts over payments.....	+1.8	+1.1	+1.3

IMPROVEMENTS IN THE TAX SYSTEM

There is a continuing need for a reappraisal of the tax system to assure that it operates equitably and with a minimum of repressive effects on incentives to work, save, and invest. Continued close cooperation between the Treasury and the committees of the Congress is necessary to formulate sound and attainable proposals for the long-range improvement of the tax laws.

However, as the development of a comprehensive tax revision program will take time, the Congress should consider promptly this year certain changes in the tax laws to correct inequities. For example, it is again recommended that the Congress promptly consider amending the laws on taxation of cooperatives to provide for more equitable taxation by insuring that taxes are paid on the income of these businesses either by the cooperative or by its members.

It has been many years since certain of the tax laws which now apply to the Nation's various private lending institutions and to fire and casualty insurance companies became effective. The Congress should review these statutes and the tax burdens now carried by lending institutions and insurance companies to determine whether or not inequities exist and to remedy any inequitable situations which may be found. The Treasury Department has under way studies relating to the operation of the existing statutes in this area. These studies should be of assistance to the Congress in any such review.

There is a need for review of present depreciation allowances and procedures. More liberal and flexible depreciation can make a major contribution toward neutralizing the deterrent effects of high tax rates on investment. A better system of capital recovery allowances

would provide benefits to those who invest in productive plant and equipment and would encourage business expenditures for modernization and greater efficiency, thus helping to foster long-range economic growth. By bringing the allowances for American business more nearly into line with those available to many foreign producers, improved depreciation procedures would not only strengthen the competitive position of American producers, but their benefits would also accrue to American workers through increased productivity and greater job opportunity.

The depreciation rules should not be substantially liberalized, however, without accompanying remedial legislation with respect to the taxation of gains from sale of depreciable property. The legislation recommended last year to treat income on disposition of depreciable property as ordinary income to the extent of the depreciation deductions previously taken on the property is an essential first step.

IMPROVEMENTS IN GOVERNMENT ORGANIZATION

During the past 8 years major improvements have been made in the organization of the executive branch of the Government. An executive Department of Health, Education, and Welfare was established to give Cabinet status to its important programs. The organization of the Department of Defense was strengthened to bring it more closely into line with the requirements of modern warfare. A National Aeronautics and Space Administration was created to provide effective civilian leadership over appropriate parts of our national space program. The Council of Economic Advisers was reconstituted and reorganized to strengthen its internal administration and clarify its relationships with the President. Functions of coordinating governmental planning for defense mobilization and civil defense were consolidated. The establishment of the Federal Aviation Agency brought about substantial improvements in aviation programs.

Many of the numerous organizational improvements were effected by Presidential reorganization plans authorized by the Reorganization Act of 1949, which has now expired. The Congress should renew that authority and make it permanently available for all future Presidents in the effective form as originally enacted. The task of conforming Government organization to current needs is a continuing one in our ever-changing times.

Executive Office of the President.—The duties placed on the President by the Constitution and the statutes demand the most careful attention to the staffing and organization of the President's Office. While the present organization of the Executive Office of the President reflects many constructive steps taken over a period of years, much

remains to be done to improve the facilities available to the President. The first requirement for improvement is for the Congress to give the President greater flexibility in organizing his own Office to meet his great responsibilities.

Specifically, the Congress should enact legislation authorizing the President to reorganize the Executive Office of the President, including the authority to redistribute statutory functions among the units of the Office; to

change the names of units and titles of officers within the Office; to make changes in the membership of statutory bodies in the Office; and, within the limits of existing laws and available appropriations, to establish new units in the Executive Office and fix the compensation of officers. Such action would insure that future Presidents will possess the latitude to design the working structure of the Presidential office as they deem necessary for the effective conduct of their duties under the Constitution and the laws. Enactment of such legislation would be a major step forward in strengthening the Office of the President for the critical tests that will surely continue to face our Nation in the years to come. These matters are obviously devoid of partisan considerations.

My experience leads me to suggest the establishment of an Office of Executive Management in the Executive Office of the President in which would be grouped the staff functions necessary to assist the President in the discharge of his managerial responsibilities. In an enterprise as large and diversified as the executive branch of the Government, there is an imperative need for effective and imaginative central management to strengthen program planning and evaluation, promote efficiency, identify and eliminate waste and duplication, and coordinate numerous interagency operations within approved policy and statutory objectives. The establishment of an Office of Executive Management is highly desirable to help the President

Improvements in Government Organization:

LEGISLATIVE PROPOSALS

1. Renew and make permanent President's authority under Government Reorganization Act.
2. Give President power to organize his Executive Office.
3. Establish a Department of Transportation.
4. Strengthen position of Chairmen of the Interstate Commerce Commission, the Federal Communications Commission, and the National Labor Relations Board.
5. Consolidate civil water resources functions.

achieve the high standards of effective management that the Congress and the people rightfully expect.

I have given much personal study to the assistance the President needs in meeting the multitude of demands placed upon him in conducting and correlating all aspects of foreign political, economic, social, and military affairs. I have reached the conclusion that serious attention should be given to providing in the President's Office an official ranking higher than Cabinet members, possibly with the title of First Secretary of the Government, to assist the President in consulting with the departments on the formulation of national security objectives, in coordinating international programs, and in representing the President at meetings with foreign officials above the rank of Foreign Minister and below the rank of Head of State.

Recognizing the personal nature of the relationship of each President to his Cabinet and staff, I am not submitting formal legislative proposals to implement these latter two suggestions, but I do commend them for earnest study.

Other improvements.—Several other organizational reforms should be considered by the Congress:

First, a Department of Transportation should be established so as to bring together at Cabinet level the presently fragmented Federal functions regarding transportation activities.

Second, legislation should be enacted to strengthen the position of the chairmen of the Interstate Commerce Commission, the Federal Communications Commission, and the National Labor Relations Board by vesting in them the executive and administrative duties of their agencies. The legislation should provide that the Chairman of the Interstate Commerce Commission be designated by the President. These steps would place these chairmen generally on a comparable basis with the chairmen of other regulatory bodies. In the case of the National Labor Relations Board, the legislation should vest all regulatory responsibilities under the National Labor Relations Act in the Board. Additionally, the responsibility of the President to control and supervise the exercise of executive functions by all Federal regulatory bodies should be clarified.

Third, action should be taken to consolidate the civil water resources functions of the Corps of Engineers of the Department of the Army, the Department of the Interior, and the responsibilities of the Federal Power Commission for river basin surveys, in order to bring about long needed improvements in the coordination of the increasingly important Federal civil water resources activities.

REVIEW OF AUTHORIZATIONS AND EXPENDITURES BY MAJOR FUNCTIONS

The remaining sections of this message discuss the budget and legislative proposals for 1962 in terms of the functions they serve. In the following table, estimated expenditures for 1962 are compared with the actual figures for 1960 and the current estimates for 1961 for each of 9 major functional categories.

The expenditure total for 1962 includes an allowance for contingencies, which is intended to provide for unforeseen developments in existing programs and for programs proposed in this budget but not itemized separately.

BUDGET EXPENDITURES

[Fiscal years. In billions]

Function	1960 actual	1961 estimate	1962 estimate
Major national security.....	\$45.6	\$45.9	\$47.4
International affairs and finance.....	1.8	2.3	2.7
Commerce, housing, and space technology.....	2.8	3.8	3.4
Agriculture and agricultural resources.....	4.8	4.9	5.1
Natural resources.....	1.7	2.0	2.1
Labor and welfare.....	4.4	4.5	4.8
Veterans services and benefits.....	5.1	5.2	5.3
Interest.....	9.3	9.0	8.6
General government.....	1.7	2.0	2.1
Allowance for contingencies.....		(¹)	.1
Total.....	77.2	79.6	81.5
Deduct interfund transactions (included in both receipts and expenditures).....	.7	.7	.7
Budget expenditures.....	76.5	78.9	80.9

¹ Less than \$50 million.

MAJOR NATIONAL SECURITY

The deterrent power of our Armed Forces and the forces of our allies is based on a carefully planned combination of nuclear retaliatory weapons systems together with worldwide deployment of ground, naval, and air forces in essential forward areas, backed up by strong ready reserves. These forces make up a collective security system for the Free World more versatile and powerful than any military alliance in world history.

*Major National Security:***BUDGET TOTALS**

[In billions]

	1960 actual	1961 estimate	1962 estimate
Expenditures	\$45.6	\$45.9	\$47.4
New obligational authority .	44.8	45.9	46.3

LEGISLATIVE PROPOSALS

(In addition to program extensions)

1. Discontinue statutory minimum strength for Army National Guard.
2. Reestablish traditional relationship between military retirement pay and active duty pay.
3. Authorize sale of Alaska communications systems.
4. Transfer responsibility for petroleum reserves of the Navy Department to the Department of the Interior.
5. Authorize appropriate financial relief for officers removed from flying status.
6. Repeal required prior authorization for procurement of aircraft, missiles, and ships.
7. Authorize construction of linear electron accelerator at Stanford University.

Our Nation's objective in pursuing a policy of collective security is peace with justice for all peoples. However, while we strive to eliminate the fear of war among nations, we must maintain our military strength. The recommendations made in this budget provide for an increasingly strong defense posture along with a strong national economy.

Expenditures for major national security programs in fiscal year 1962 are estimated to be \$47,392 million, or \$1,462 million more than for 1961. The bulk of the increase is for the military functions of the Department of Defense, reflecting mainly evolutionary growth in our country's defense programs. Military assistance in conjunction with the efforts of our allies will continue to provide

the Free World with modern weapons and equipment, thus strengthening the collective defense. Programs of the Atomic Energy Commission continue to emphasize weapons development and production while also providing increases for research and development on peaceful applications of atomic energy. Expenditures for stockpiling and for expansion of defense production will again decline as nearly all stockpile objectives have been met.

Department of Defense—Military.—Recommended new obligational authority of \$41,840 million for the military functions of the Department of Defense for fiscal year 1962 reflects the continued policy of adapting the Defense Establishment to expected long-run requirements. Expenditures in 1962 are estimated at \$42,910 million,

MAJOR NATIONAL SECURITY

[Fiscal years. In millions]

Program or agency	Budget expenditures			Recommended new obligational authority for 1962
	1960 actual	1961 estimate	1962 estimate	
Department of Defense—Military:				
Military functions:				
Present programs.....	\$41,215	\$41,500	\$42,879	\$41,809
Proposed retirement pay legislation.....			31	31
Military assistance.....	1,609	1,700	1,750	1,800
Atomic energy.....	2,623	2,660	2,680	2,598
Stockpiling and expansion of defense production.....	180	70	52	40
Total.....	45,627	45,930	47,392	1 46,278

¹ Compares with new obligational authority of \$44,761 million enacted for 1960 and \$45,912 million (including \$289 million in anticipated supplemental appropriations) estimated for 1961.

which is \$1,410 million more than the estimate for the current fiscal year.

This increase reflects, in part, certain steps recently taken to increase the readiness of our military commands. These steps can be financed in 1961 mainly within available appropriations. However, some supplemental appropriations will be required for this year and are included in this budget.

The recommendations for 1962 continue a strong posture of readiness and add to the capability of our military forces.

To take full advantage of the results of scientific and technological developments, rapid and sometimes drastic changes must continually be made in military forces and programs. Just a few years ago the United States was programing twice as much money for manned bomber systems as for strategic missile systems. The budget for the coming fiscal year, by contrast, programs more than four times as much for strategic missile systems as for manned bomber systems. Similarly, defense against ballistic missile attack took only a small part of the total capital investment in continental air defense as recently as the fiscal year 1957, whereas in the coming fiscal year it will be a substantial percentage of the total. There has been a gradual shift from guns to missiles on surface ships, and from conventional to nuclear power for submarines. For surface ships, the relative utility of nuclear or conventional power is a question that requires case by case consideration in each year's shipbuilding program. In total, there has been an increased emphasis on versatile and modern multi-

purpose military units equipped and prepared for all forms of military action—from limited emergencies to a general war.

Forces and military personnel.—To carry out basic military missions, this budget provides for a total strength in our Active Forces of 2,492,900 men and women on June 30, 1962, the same as now estimated for the end of fiscal year 1961 and 4,000 over the year-end strength originally planned for this year. A supplemental appropriation is being requested to provide for this 1961 increase, which is primarily to bring our naval forces to a greater degree of preparedness.

The Active Forces to be supported include an Army of 14 divisions and 870,000 men; a Navy of 817 active ships and 625,000 men; a Marine Corps of 3 divisions and 3 aircraft wings with 175,000 men; and an Air Force of 84 combat wings and 822,900 men.

Worldwide deployment of these forces, and of civilian employees of the Department of Defense as well, requires a considerable amount of travel to and from duty stations. The dollar limitation on travel established by the Congress in the 1961 appropriation for the Department is not sufficient to cover all essential travel costs of military and civilian personnel. Accordingly, it is recommended that this limitation be increased by \$54 million for the fiscal year 1961 and that no limitation be imposed for 1962.

If the reserve components of our Armed Forces are to serve effectively in time of war, their basic organization and objectives must conform to the changing character and missions of the Active Forces. Under modern conditions the quality and combat readiness of the reserve forces are more important than numbers. The nature of warfare has changed so drastically during the last decade that the whole concept of the roles and missions of the reserve forces must be re-evaluated.

Accordingly, the Secretary of Defense and the Joint Chiefs of Staff have been directed to make a new study of the reserve missions and requirements. This should be aimed at the objectives of efficiency, economy, and promoting administrative effectiveness. As a first step toward a more fundamental revision, this budget provides for a reduction in the number in the Army National Guard and Army Reserve paid for participation in reserve training from the present 400,000 and 300,000, respectively, to 360,000 and 270,000 by the end of fiscal year 1962. These recommended reserve personnel strengths are fully adequate to meet the needs of our national defense. The statutory minimum placed on the personnel strength of the Army National Guard in the 1961 Department of Defense Appropriation Act should not be continued. The excess strengths which have been provided by the Congress above my recommendations in the last several years are unnecessarily costing the American people over \$80 million annually and have been too long based on other than strictly military

needs. Even with the proposed lower reserve personnel strengths, the cost of pay, allowances, travel, and operation and maintenance for the military reserves will amount to well over \$1 billion in 1962.

Strategic forces.—The strategic forces provided for in this budget consist of a combination of nuclear weapons systems of land-based and carrier-based aircraft, fixed and mobile missiles of intercontinental and intermediate range, and overseas missile systems under the military command of mutual defense treaty organizations. The composite capability of these forces represents an enormous destructive potential and should deter any potential aggressor.

Up to the present time our strategic striking forces have relied in large measure on manned bombers. Manned bombers—both land-based and carrier-based—will continue to be required. However, with the advent of operational missile systems, more and more of the strategic force in the years ahead will be composed of fixed-base and mobile ballistic missiles—both land- and sea-based. The recommendations in this budget reflect this change.

By the end of fiscal year 1962, the largest part of the planned squadrons of the Atlas ballistic missile system will be operational, and a significant number of the planned Titan missiles will be in place and ready. The solid propellant Minuteman missile system is now well along in development, and the first missiles are scheduled to become operational during the calendar year 1962. Funds are requested for 5 additional Polaris submarines, making a total of 19 submarines which will have been fully funded, and for the procurement of long leadtime components of 5 more; procurement of the appropriate number of Polaris missiles to arm these submarines is also planned, as is the continued development of a much longer range version of the Polaris missile.

Thor and Jupiter intermediate range ballistic missiles, provided to our allies overseas under the military assistance portion of the mutual security program, add still another important element of strength to the strategic forces.

All production of B-52 and B-58 manned bomber aircraft is scheduled to end in the calendar year 1962. However, as indicated in my special message to the Congress last August, additional effort is being devoted to the development of the B-70 long-range bomber. Funds are included in this budget to continue work in 1962 on the airframe and engine, and on the essential subsystems.

In addition to the forces equipped uniquely for nuclear attack, the tactical fighters and missiles of the Air Force also contribute importantly to our strategic capability. Deployed overseas, with an increasing all-weather strike capability, these tactical forces can deliver megaton-class nuclear weapons to potential enemy targets.

As a further step in strengthening the strategic forces, the Navy has been authorized to increase significantly the proportion of attack aircraft aboard carriers of the 6th and 7th Fleets. This action will substantially increase the capability of those fleets to strike enemy targets.

The very diversity of our weapons systems has created an increasing need for fully integrated operational planning. To meet this need, the Secretary of Defense has established a special staff group composed of members of the services and representatives of unified commands contributing forces to our nuclear strike capability. I have recently approved the integrated strategic operational plan prepared by that group and recommended by the Secretary of Defense and the Joint Chiefs of Staff.

The advent of nuclear-armed intercontinental ballistic missiles in the hands of a potential adversary has confronted this Nation with a problem entirely new to its experience. The speed with which these weapons could be delivered against us and their tremendous destructive power make them suited to use by an enemy for surprise attack. Accordingly, this budget will continue the major effort under way during the last few years to increase the protection of our forces from surprise attack. Except for the first few squadrons of Atlas, all Atlas and Titan missiles are being deployed in hardened underground sites. All fixed-base Minuteman missiles will be so deployed. There will also be mobile squadrons of the Minuteman. The submarine Polaris system, of course, lends itself ideally to mobility and concealment and should be able to survive under all conditions.

There has also been an intensive effort to make the manned bomber force increasingly less vulnerable. Some 4 years ago the Air Force began the dispersal of these aircraft and commenced construction of special alert facilities to assure that one-third of the force could be airborne within 15 minutes of warning of an attack. Both of these programs are substantially completed. Under emergency conditions, the long-range bomber force could also use a large number of additional bases throughout the country.

As a further measure, steps have been taken to provide the heavy bomber force with an airborne alert capability. Funds are provided in this budget to continue to train crews and to acquire spare parts and other materiel so that a substantial portion of the heavy bomber force could immediately mount a 24-hours-a-day, 365-days-a-year airborne alert, should that step ever become necessary in an emergency.

Air defense forces.—The emergence of the ballistic missile threat has, of course, required a revamping of our air defense forces. The speed and destructiveness of the nuclear armed ballistic missile have placed an extremely high premium on timely warning of an attack.

Therefore, systems designed to provide such warning have been receiving urgent attention.

The ground-based Ballistic Missile Early Warning System (BMEWS), involving a cost of nearly a billion dollars, has already been largely financed. Work on this system has been greatly accelerated and is proceeding as fast as practicable. The first of the three sites is now in operation. The second site will be in operation this year, substantially increasing the coverage. The third site is planned to become operational somewhat later. When the entire system is in full operation, our air defense forces and civilian population, as well as the strategic retaliatory forces, should have 15 minutes of warning of intercontinental ballistic missile attack.

The matter of reliable warning of ballistic missile attack is of such crucial importance to the safety of the Nation, however, that a number of other approaches are also being explored. The most advanced of these is the satellite-borne missile early warning system, Midas, which is now under accelerated development. Midas is designed to detect an enemy missile attack at the time of launching; this could about double the amount of warning time available to our military forces and civilian population. Substantial funds are included in this budget to continue development of this system at a high rate.

With the increasing reliability, accuracy, payload, and sophistication of the ballistic missile, our problem of safeguarding against surprise attack will become ever more onerous. Development of an active defense against ballistic missiles is progressing. The Nike-Zeus anti-missile system is proceeding under the highest national priority, and funds for its Pacific range test facilities are included in this budget. Funds should not be committed to production until development tests are satisfactorily completed.

The entire problem of detection, tracking, and destruction of the attacking missile must be dealt with as a whole. Every avenue of research which offers any reasonable chance of success must be explored beyond the present frontiers of knowledge. That is the purpose of the group of studies now under way, which has been designated by the Department of Defense as Project Defender. Additional funds to continue this project through the coming fiscal year are also included in this budget.

As long as a manned bomber threat to this Nation exists, we shall have to maintain a reasonable degree of defense against it. The Air Force now has under way a large-scale program for improving the capability of its existing fighter interceptor force, particularly against the low level manned bomber. The Bomarc B ground-to-air-missile program has already been funded. Production is going forward, and missiles will be delivered to the air defense units over

the next few years. Additional funds are recommended to complete and modernize the Nike-Hercules ground-to-air-missile system.

The Bomarc B and Nike-Hercules, together with the early models of these missiles and the very substantial force of supersonic manned interceptors armed with air-to-air guided missiles, provide a formidable defense against manned bomber attack. To provide the detection, warning, and control for these forces, an extensive network of radars and communications lines is being maintained and modernized. Funds for additional construction and for the procurement of equipment are included in this budget.

Sea control forces.—Control of the seas is vital to the maintenance of our national security. The naval forces, which are being provided during this fiscal year with new combat ships and increased personnel, carry the primary responsibility for this important mission.

The 1962 budget provides for active naval forces consisting of 817 combatant and support ships, including 14 attack carriers, 16 attack carrier air groups, 11 carrier antisubmarine air groups, and 37 patrol and warning air squadrons.

New and modernized ships to be delivered in 1962 from prior year authorizations will enhance the combat capability of the naval forces and permit the replacement of older ships. Among the new and modernized ships to join the fleet in 1962 will be the first nuclear-powered attack aircraft carrier, the *Enterprise*; the first nuclear-powered cruiser, the *Long Beach*, armed with Talos and Terrier surface-to-air missiles; three nuclear-powered attack submarines; four Polaris submarines; and several guided missile destroyers.

The 1962 shipbuilding program provided in this budget will further improve the fleet and help offset the increasing number of over-age ships. The program consists of construction of 30 new ships and conversion of 22 others. In addition to the 5 Polaris fleet ballistic missile submarines, new ships will include 7 guided missile frigates, 3 nuclear-powered attack submarines, 6 escort vessels, and 9 amphibious, supply, and research ships. The conversion program includes 14 destroyers, 1 communications relay ship, 1 missile range instrumentation ship, and 6 conventionally powered attack submarines.

A great deal of emphasis in the 1962 shipbuilding program is on antisubmarine warfare. Progress has been made in antisubmarine warfare organization and tactics. Improvements have been made in weapons and equipment, particularly antisubmarine rockets, torpedoes, and sound detection gear. However, the fast, deep running, nuclear-powered submarine of today is exceedingly difficult to detect and attack. An increase in the capability to detect and destroy enemy submarines is needed. Additional funds are requested in this budget for research and development in this area.

Tactical forces.—The tactical forces include ground, naval, and air elements which are organized and trained to deal with cold war emergencies and limited war situations, as well as to be prepared for combat roles in the event of a general war. Recommendations in this budget will continue the modernization and improve the effectiveness of the tactical forces.

This budget provides for a further increase in procurement for the ground forces. Procurement of additional quantities of rifles and machineguns employing standard ammunition of the North Atlantic Treaty Organization will fill the high priority needs of the Army and Marine Corps forces; the M-113 armored personnel carrier will be made available for high priority active Army forces; the M-60 tank will be provided for the Army's highest priority deployed forces; and increasing quantities of new field communications equipment, vehicles, and self-propelled weapons will be produced.

The Army and Marine Corps will continue to buy a wide variety of tactical guided missiles and rockets, including initial quantities of the Pershing, a solid-propellant missile; a new lightweight shoulder-fired assault weapon; the Davy Crockett, which provides infantry units with a close range atomic support weapon; and missiles such as Hawk and Redeye for defense of field forces against air attack.

Army aircraft procurement proposed for 1962 provides for 261 new aircraft compared to 229 in the 1961 program, and includes funds for surveillance and utility planes, as well as for medium cargo helicopters.

The tactical forces of the Army are supported by the tactical air wings of the Air Force, which will also be provided with an increased capability under these budget recommendations. Funds are provided for continued procurement of F-105 supersonic all-weather fighter-bombers. These aircraft, with their low-altitude performance characteristics and large carrying capacities for both nuclear and non-nuclear weapons, will strengthen significantly the air support available to tactical ground units.

Continued modernization of our existing fleet of military airlift aircraft is needed. Although the cargo and troop transport airlift now available is generally adequate, much of the fleet is approaching obsolescence. Last year a program was started to acquire the best existing transports for the most immediate needs and also to develop a new aircraft specifically designed for cargo and transport needs. The budget includes funds to continue the orderly development of this program.

Proposed legislation.—Legislation is again recommended to make the necessary adjustments in military retirement pay so as to reestablish for all retired personnel the traditional relationship of their pay with active duty pay. This relationship was broken for those retired prior to June 1, 1958, when the 1958 Military Pay Act increased active

duty pay without a comparable increase for those on the retirement rolls. The people affected are in most cases those who have fought through two or three of our major wars. Legislation to correct this situation should no longer be delayed.

Basic long lines communications systems in Alaska which are now operated by the Army, Air Force, and the Federal Aviation Agency should be sold to private enterprise for operation and development under appropriate regulatory supervision. Legislation is recommended which will permit the sale of these Government-owned communications facilities under adequate safeguards.

The need for maintaining the relatively small naval petroleum reserves for strictly military purposes no longer exists. Legislation is therefore recommended to transfer responsibility for the administration of these petroleum reserves from the Department of the Navy to the Department of the Interior.

The need for manned aircraft, and for the pilots and other persons necessary to fly them, is declining gradually as more and more missiles enter the inventory of our operating forces. During the transitional period it will be necessary to remove from flying status a number of officers whose professional and managerial skills are still required by the services. The complete loss of flight pay which such removal now entails would represent a serious hardship to many officers who have served their country well and who believed they would qualify for flight pay as long as they maintained their flying proficiency. To help ease the transition which this group faces as a result of conversion to new weapons systems, the Congress should make provision for appropriate financial relief by reducing flight pay gradually for officers removed from flying status because of changing technology.

The provision of section 412(b) of the Military Construction Act of 1959 requiring prior congressional authorization of appropriations for the procurement of aircraft, missiles, and naval vessels is inappropriate and should be repealed. Pending its repeal, the required authorizations for 1962 should be enacted promptly so that national security planning and preparation can go forward with the least possible delay. Further, in enacting the authorizations, the Congress should allow flexibility in the administration of the Department of Defense procurement programs to meet changing threats and take advantage of technological breakthroughs.

The Capehart military family housing program has admirably served its purpose. Over the last 6 years, more than 100,000 such family units were provided at a time when they were badly needed. It is now apparent that the most urgent family housing needs of the Department of Defense have been met. However, in order to place under contract presently authorized projects and to provide for a final increment of 2,025 units in 1962, it is recommended that a 1-year extension of the existing authority be enacted.

In 1958, I recommended to the Congress a comprehensive program for reorganizing the Department of Defense. While many of these recommendations were enacted, and substantial progress has been made in implementing them, one area still needing attention is the method of providing funds for the Department. As a first step, appropriations have now been enacted on a broad category basis but with specific limitations by Service. I now recommend that the Congress, in acting upon the appropriation structure for the fiscal year 1962 for the Department of Defense, give earnest consideration to a plan which would make the necessary authorizations and appropriations to that Department to be administered by the Secretary, but with a substructure of sufficient identification which will retain for the Congress its constitutional prerogatives of raising and supporting the military forces of the United States.

North Atlantic Treaty Organization.—The evolutionary changes in warfare that have taken place over the last decade have had a profound effect on the military plans and programs of the North Atlantic Treaty Organization. These plans are again being reviewed and studied to take account of new weapons, better organization of the NATO military forces, and more direct channels of command to carry out NATO objectives effectively.

It is expected that the revised military plans for NATO will recognize the changes that have taken place. However, the menace of Communist military strength is growing. The NATO alliance remains vital to the security of the United States, no less than to the security of the other NATO allies. The United States will continue to contribute to the constructive and defensive tasks it has assumed.

Some changes in U.S. force deployments may become advisable in light of continuing studies of overall U.S. programs. Nevertheless, the United States will continue to provide a fully effective strategic deterrent force and will contribute to the forward deployed forces of NATO.

Military assistance.—U.S. military planning has long recognized the importance of allied forces in maintaining the security of the free world. Military assistance under the mutual security program helps to strengthen the forces of more than 40 nations. New obligational authority of \$1.8 billion is recommended for military assistance for 1962 to provide training and materiel for essential maintenance and modernization of forces in the countries receiving aid.

In light of the expanding scope and cost of vital military programs being borne by the United States, we cannot continue indefinitely to provide military equipment on a grant basis to nations which now have the economic and financial capability to shoulder more of the

burden of the common defense. The recent improvement in the financial position of many of our allies has highlighted the need for greater sharing of this burden.

Some of the Western European countries have now assumed full financial responsibility for equipping their own military forces, in which the United States had assisted earlier. We are confident that as full partners in the common defense all nations of the North Atlantic Treaty Organization who are able to assume this responsibility will do so. In 1962, military assistance to our Western European allies will be concentrated on selected types of new weapons and on the training required for their effective use.

This budget also reflects the continuing need to develop and maintain effective forces in other nations which are faced with serious threats of internal subversion or external aggression. Individually, and within mutual defense organizations, such as the South East Asia Treaty Organization (SEATO) and the Central Treaty Organization (CENTO), these forces play vital roles in the defense of vast areas, predominantly in Asia and the Near East. Assistance to these nations will be concentrated largely on the strengthening of conventional forces. In addition to its military value, this assistance in the common defense effort contributes to the sharing of technical knowledge and strengthens the bonds of friendship and mutual respect among the nations of the Free World.

Atomic energy activities.—In 1962, expenditures by the Atomic Energy Commission are estimated to be \$2,680 million, compared with an estimated \$2,660 million in 1961. There will be increases in several program areas, but these will be largely offset by reductions elsewhere, notably in the procurement of uranium concentrates.

Expenditures for the production of nuclear weapons in 1962 will increase over 1961, while those for the development of weapons will continue at the same rate. Work will be carried forward in 1962 to improve methods for seismic detection of underground nuclear weapons tests. The Atomic Energy Commission is also cooperating with the Department of Defense in the improvement of methods for detecting high altitude tests.

In the naval reactor program, continued efforts will be made to develop longer lived nuclear fuel. The development of a nuclear ramjet engine for missiles and of nuclear powerplants for use at remote military installations will be pursued. The efforts to develop a nuclear engine for military aircraft will be continued in 1962 on one technical approach.

Peaceful uses of atomic energy.—Fundamental to progress in the peaceful uses of atomic energy is a sound and balanced program of basic research in the physical and life sciences. An important seg-

ment of this work is high energy physics. Last July, the United States began operating the alternating gradient synchrotron at the Atomic Energy Commission's Brookhaven National Laboratory on Long Island at the highest energy level ever attained anywhere in the world. During fiscal year 1962 two more high energy accelerators, at Cambridge, Mass., and Princeton, N.J., will begin operation. A high intensity accelerator is under construction at the Commission's Argonne National Laboratory near Chicago, Ill. Legislation is again proposed to authorize construction at Stanford University of a high energy linear electron accelerator which will be 2 miles long.

The development of civilian atomic power is being carried forward intensively. Expenditures of \$250 million estimated for 1962 will support major development efforts on seven reactor types, and preliminary studies and experimental work on a number of other reactor concepts. The breadth and scope of our technology in this field are unmatched in the world.

The next 18 months will see further advances toward our long-term objective of making atomic energy an alternative and economic source of power at home and abroad. The total number of major Government-owned experimental power reactors in operation will increase by 5 to a total of 10, and the number of power reactors operating in public and private utility systems will increase from 3 to 10. The 1962 budget proposes additional funds for cooperative arrangements with private and public power groups in undertaking atomic power projects which would further the objectives of the program.

Jointly with the National Aeronautics and Space Administration, the Atomic Energy Commission is pursuing Project Rover to develop a nuclear powered rocket for possible future space missions. Expenditures for this project will increase in 1962. Continued emphasis will be given to development of small, long-lived nuclear power sources for space vehicles and other special applications. With the completion of a major experimental device in 1961, expenditures for long-term development of thermonuclear power will decrease somewhat, but the research work will continue at about current levels.

Stockpiling and expansion of defense production.—Expenditures for stockpiling and expansion of defense production are estimated to decrease from \$70 million in 1961 to \$52 million in 1962, as outstanding contracts for delivery of strategic materials are progressively completed or terminated. Most of the objectives for the strategic stockpile are completed, and no new expansion programs are in prospect.

Of major concern now are the storage and maintenance of large quantities of strategic materials and the orderly disposal over a period of years of surplus materials. Efficient management is hampered because these materials are in several inventories, each subject

to different statutory requirements. Therefore, legislation is being developed to enable consolidation of the inventories of strategic materials and provide uniform procedures for disposing of surplus materials whenever disposal will not seriously disrupt markets or adversely affect our international relations.

Nonmilitary defense.—Closely related to the major national security programs are the civil defense activities of the Government. These activities are discussed with other community facilities programs in the commerce, housing, and space technology section of this message, under which the expenditures for civil and defense mobilization are classified.

INTERNATIONAL AFFAIRS AND FINANCE

The national security and prosperity of the United States under conditions of peace and freedom require us to maintain our position of world leadership. Thus we must continue to assist in developing the resources and skills needed in many parts of the non-Communist world for the common defense and for economic growth.

Since the end of World War II, military and economic programs launched by the United States have helped to make possible the reconstruction of Europe and have thwarted the advance of Communist domination in most other areas. In recent years, the focus of these efforts has been shifting increasingly to the broader and more difficult problems of helping less-developed countries maintain their independence, build the foundations of growth, and advance the welfare of their people. Accordingly, increasing emphasis is being placed on such aspects of our international programs as development loans, technical assistance, and educational exchange. Greater use of multilateral channels is being fostered.

Expenditures for international affairs and finance programs in fiscal year 1962 are estimated at \$2,712 million. The increase of \$401 million over 1961 expenditures is due mainly to a greater volume of loan disbursements by the Development Loan Fund, to the second payment of our subscription to the Inter-American Development Bank, and to the expansion of activities in Latin America and Africa.

New obligational authority of \$3,102 million is recommended for fiscal year 1962. This is a decrease of \$105 million from the amount estimated for 1961. Increases for special assistance, commodity grant programs, and the second subscription to the Inter-American Development Bank are more than offset by the nonrecurrence of the 1961 supplemental appropriation requested for the new Inter-American Social and Economic Cooperation Program.

Mutual security program.—The military portion of the mutual security program was discussed as an integral part of our national

security effort in the preceding section of this message. For the total mutual security program, this budget recommends new obligational authority of \$4,000 million for 1962, of which \$1,800 million is for military assistance, \$1,950 million for economic and technical programs, and \$250 million for contingencies.

The 1962 recommendation has been determined with consideration for our present balance of payments situation and the steps being taken to improve it. I have recently directed that the use of the funds provided for assistance abroad should emphasize the purchase of the necessary goods and services in the United States. Such foreign procurement as may continue will be largely confined to less-developed countries, most of which do not increase their dollar reserves to any significant extent but tend rather to use their earnings to increase their imports.

Organization and financing of international programs.—Attention has been given constantly to the problem of improving the organization and administration of our international programs. For example, most of the recommendations of the President's Committee To Study the Military Assistance Program have already been fully or partially adopted. As required by section 604 of the Mutual Security Act of 1960, further analysis is being made of ways to improve the overall management and coordination of our various assistance programs. These studies will provide the basis for specific recommendations on organization later in the year when the detailed mutual security program for 1962 is presented to the Congress. Other studies concerning possible changes in the appropriation structure are currently under way.

In addition to possible improvements in the organization of foreign economic activities, the Congress is urged to consider means by which

International Affairs and Finance:

BUDGET TOTALS

[In billions]

	1960 actual	1961 estimate	1962 estimate
Expenditures.....	\$1.8	\$2.3	\$2.7
New obligational authority..	2.7	3.2	3.1

LEGISLATIVE PROPOSALS

(In addition to program extensions)

1. Provide longer term financing for economic development programs.
2. Revise eligibility requirements for countries to receive economic assistance.
3. Authorize U.S. participation in Organization for Economic Cooperation and Development.
4. Authorize payment of certain Philippine war damage claims.
5. Repeal reservation with respect to jurisdiction of World Court.

INTERNATIONAL AFFAIRS AND FINANCE

[Fiscal years. In millions]

Program or agency	Budget expenditures			Recommended new obligational authority for 1962
	1960 actual	1961 estimate	1962 estimate	
Economic and financial assistance:				
Mutual security—economic:				
Development Loan Fund.....	\$202	\$275	\$425	\$700
Defense support.....	741	705	665	650
Special assistance.....	255	250	256	298
Technical cooperation.....	172	183	190	203
Other.....	114	112	119	99
Mutual security—contingencies.....	129	150	220	250
Subtotal, mutual security—economic and contingencies.....	1,613	1,675	1,875	2,200
Inter-American Social and Economic Cooperation Program.....			50	
Inter-American Development Bank.....	80		110	110
International Development Association.....		74	62	62
Export-Import Bank.....	-323	-100	-4	
Commodity grants for emergency relief and development abroad (title II, Public Law 480) and other.....	107	285	151	257
Subtotal, economic and financial assistance.....	1,477	1,934	2,243	2,628
Conduct of foreign affairs:				
Department of State, administration of foreign affairs.....	215	210	228	233
Proposed legislation for Philippine claims.....			49	49
Tariff Commission and other.....	4	4	3	3
Foreign information and exchange activities:				
United States Information Agency.....	113	125	138	140
Department of State, exchange of persons.....	24	37	50	48
Total.....	1,833	2,310	2,712	3,102

¹ Compares with new obligational authority of \$2,672 million enacted for 1960 and \$3,207 million (including \$666 million of anticipated supplemental appropriations) estimated for 1961.

funds can be provided through the normal budgetary process to meet the needs of more than one specific fiscal year. This applies particularly to programs of long-term economic development and technical assistance in the training of manpower and the creation of basic economic, social, and governmental institutions. The provision of longer term financing should not only enable a more effective use of aid but, in the long run, should be more economical.

Eligibility for assistance.—Legislation is again requested to allow greater flexibility in providing assistance to certain countries which

MUTUAL SECURITY PROGRAM

[Fiscal years. In millions]

Program	Budget expenditures			Recommended new obligational authority for 1962
	1960 actual	1961 estimate	1962 estimate	
Military assistance.....	\$1,609	\$1,700	\$1,750	\$1,800
Economic (including technical) assistance.....	1,484	1,525	1,655	1,950
Contingencies.....	129	150	220	250
Total, mutual security.....	3,223	3,375	3,625	¹ 4,000

¹ Compares with new obligational authority of \$3,226 million enacted for 1960 (\$1,331 million military, \$1,895 million economic and contingencies) and \$3,931 million estimated for 1961 (\$1,800 million military, \$2,131 million economic and contingencies).

are not in a position to meet the requirements of the Mutual Defense Assistance Control Act (Battle Act). Complex, time-consuming waiver procedures are now required for cases in which our own interests would be clearly fostered by the prompt extension of aid to countries endeavoring to reduce their dependence on the Soviet bloc.

Economic and financial assistance.—The efforts of less-developed countries in mobilizing their domestic resources for economic growth will have to be supplemented during the next decade by continued investment from the economically more advanced countries. This investment will have to come from four major sources.

First, an increasing share should be private capital, which could increase directly the productive capacities within these countries. Among the steps taken by the U.S. Government to foster this goal are the negotiation of investment treaties and the provision of information on investment opportunities. Efforts are also being made to use, where appropriate, existing guarantee authority. Private sources, such as foundations and other specialized groups, should also continue their substantial contributions to the overseas schools, hospitals, and churches, so important in promoting democratic society.

Second, increased investment may be expected through international organizations. In addition to the International Bank for Reconstruction and Development there are now the International Development Association and the Inter-American Development Bank. These institutions are supported by contributions from many countries. Also, the United Nations Special Fund is receiving increasing subscriptions from member countries. Further, the Congress should

authorize the United States to join the countries of Europe and Canada in the new Organization for Economic Cooperation and Development which will replace the Organization for European Economic Cooperation. The new organization will extend and invigorate the practice of consultation among its members and will help find ways to facilitate the flow of investment funds to less-developed countries.

Third, a greatly increased share of the needed investment must come from the bilateral programs of other industrialized nations. In the post-World War II era many of the other developed countries have succeeded in rebuilding their economies and have established a high rate of economic growth. In recent years they have substantially increased their gold and foreign exchange reserves. The time has come for such countries to augment materially their financing of the growth of the less-developed areas, and there is evidence of growing willingness on their part to do so. Strenuous efforts are being made to persuade our partner nations to accelerate significantly the pace at which they are taking on responsibilities for economic assistance as well as for the common defense.

Finally, common sense, goodwill, and national interest require that the U.S. Government continue substantial assistance. The needs of the less-developed countries cannot be met wholly by the efforts of private investors, international organizations, or other industrial countries.

Loans for economic development.—In 1962, the United States will pay the second installments of its subscriptions to both the International Development Association and the Inter-American Development Bank. However, successful development in many countries is dependent upon additional loans from outside sources. The Export-Import Bank expects to commit \$602 million for development loans, and this budget proposes that \$700 million be made available in 1962 to the Development Loan Fund. Both agencies now have requests for a variety of productive projects in such fields as electric power, transportation, and industrial facilities. In some countries, such as India and Pakistan, loans will be needed on a basis broader than individual projects to insure the success of development plans.

There is a pressing need to approve financing for development projects in several countries over and above the level of funds presently available to the Development Loan Fund. Accordingly, a supplemental appropriation of \$150 million for 1961 is required. This supplemental request, if approved, together with funds already appropriated for 1961, would make available the full amount requested in the 1961 budget.

Mainly because of earlier commitments, expenditures by the Development Loan Fund are estimated at \$425 million in 1962, an in-

crease of \$150 million over 1961. The Export-Import Bank plans to finance its operations without incurring net budget expenditures in 1962 by encouraging private lenders to participate in its loan programs, by using funds obtained from repayments and interest on prior loans, and by selling notes from its large portfolio.

Loans of the Development Loan Fund will continue to be made repayable largely in local currencies in order not to draw on the limited foreign exchange resources of the recipient countries.

Latin America.—A supplemental appropriation of \$500 million is recommended for 1961 for the Inter-American Social and Economic Cooperation Program which was authorized by the last Congress. This amount represents the total authorization and therefore no further appropriation will be required for 1962. These funds will be used for a broad range of projects of direct benefit to the people of Latin America in such fields as housing, education, agricultural improvements, and land utilization.

When plans become firmer, a supplemental appropriation for 1961 should be requested for earthquake reconstruction in Chile under the \$100 million authorization enacted by the last Congress. To cover interim needs a \$20 million grant from mutual security contingency funds has been made available to Chile, and surplus agricultural commodities valued at \$29 million are being shipped under the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480).

Defense support and special assistance.—New obligational authority of \$650 million for 1962 is proposed for defense support, a reduction of \$25 million from 1961, and \$298 million is recommended for special assistance, an increase of \$66 million over 1961. These programs not only help maintain substantial military strength by free world countries rimming the Soviet bloc, but also include special economic programs in certain vital countries, and provide for the continuance of other special programs such as malaria eradication. The increase in special assistance funds recommended for 1962 is due principally to the growing need for aid to Africa. Other countries which have had a traditional interest in that continent may be expected to continue the constructive work started there, and their assistance, like ours, should increasingly be channeled through an expanded United Nations effort which we have proposed.

In estimating the requirements for defense support and special assistance, full account has again been taken of the substantial amount of economic assistance in the form of surplus agricultural commodities which may be programed under Public Law 480. For 1962, the budget estimates provide for placing almost complete reliance on Public Law 480 for financing the Government programs for export of

surplus farm products, but the mutual security program will continue to finance exports which cannot readily be programed under Public Law 480. The requirement that a specified portion of mutual security funds be used to finance exports of these commodities should be eliminated.

Technical cooperation.—The scope and effectiveness of our technical assistance activities have been expanding, and this trend may be expected to continue. Experience has shown that improved human resources within a country are just as vital to development as capital assistance from without. New obligational authority of \$203 million is requested for 1962 for technical cooperation programs, compared with \$184 million enacted for 1961. Part of the increase is for a larger contribution to the United Nations Special Fund and United Nations technical assistance programs to support the continuing expansion of their work which has been made possible by larger contributions from other countries.

Contingency fund and other assistance.—Events of the past year have reemphasized the need for a fund to provide the President with the flexibility to meet international contingencies which cannot be foreseen in the budget. The situation in Africa continues fluid, and major emergency requirements are possible in other areas as well. To provide for such contingencies new obligational authority of \$250 million is recommended under the mutual security program for 1962, about the same as provided for 1961. This is the minimum amount required for the coming year consonant with the responsibilities of the President.

Funds are also authorized under the Mutual Security Act for administration and for contributions to specialized programs such as those for refugees, Atoms for Peace, and children's welfare. For these purposes, new obligational authority of \$99 million for 1962 is recommended. This amount is \$6 million higher than available for 1961, due mainly to expanding administrative needs in Africa and Latin America.

Conduct of foreign affairs.—In 1962, the Department of State plans to expand further its activities in three important areas of its work. The number of diplomatic and consular posts in Africa is expected to increase from 36 in 1960 to 49 by the end of 1962. A Disarmament Administration has been established within the Department of State, and expansion of this activity is proposed. The Department will also intensify its efforts to increase U.S. exports, complementing efforts of the Department of Commerce.

During the calendar year 1960, there were 17 countries in Africa which gained their independence. Official representation with these new governments must be established as early as possible and preparation must be made for representation in other countries soon to be-

come independent. Because of the large number of new nations, a supplemental appropriation for 1961 is requested to cover costs of establishing new diplomatic and consular posts in Africa and raising certain existing consulates to embassy status.

Legislation previously recommended to authorize payment of certain war damage claims of the Philippine Government should be enacted at an early date. The Congress should also act promptly to remove the existing reservation on acceptance by the United States of jurisdiction of the International Court of Justice (the World Court).

Foreign information and exchange activities.—Substantial increases have been recommended in the 1962 budget for exchange programs and the programs of the United States Information Agency in Latin America and Africa, made possible, in part, by reductions in activities in Western Europe. It is essential that these activities be stepped up in these areas to the extent of our ability to do so effectively. The 1962 budget recognizes this need. However, if the developing situation indicates both a further need for additional resources and an ability effectively to utilize them, we should stand ready to expand further these efforts. In Africa, 20 new information centers requiring sizable initial costs will be put into operation in 1961 and 1962, mostly in the newly independent countries. In Latin America, special efforts will continue toward expanding and strengthening activities of the binational cultural centers. Construction of new, more powerful radio facilities for worldwide broadcasting is under way in North Carolina, with completion expected in December 1962. Initial activities are under way toward the construction of a radio facility in Liberia. In 1962, further improvement of facilities of the Voice of America abroad is proposed by quintupling the transmitter power in the United Kingdom and by procurement of a transportable radio relay station to meet special needs on short notice.

The budget also provides for an expansion of cultural presentation activities and exhibits at international fairs abroad. Funds for this purpose are included in the estimates for the United States Information Agency instead of being appropriated to the President as in previous years. The trade mission segment of the program is included in the estimates for the Department of Commerce.

Activities under our cultural exchange agreement with the Soviet Union continue to progress mainly under private auspices. There are plans to exchange three Government-sponsored exhibits beginning this spring, each of which will be shown in several cities. A supplemental appropriation is proposed for 1961 to take advantage of this opportunity to demonstrate American achievements to a wide segment of the Russian people.

Further expansion in the programs of the Department of State for the exchange of persons is proposed in 1962, particularly in Africa. Continuing support of workshops and foreign university chairs in

American studies, as well as assistance to American-sponsored schools abroad, is planned. An increase in the Department's new program of cultural and educational development abroad will permit many new contacts between foreign and American universities. The 1962 estimates include funds for the continued development of the Hawaii Center for Cultural and Technical Interchange between East and West.

COMMERCE, HOUSING, AND SPACE TECHNOLOGY

The Federal Government provides a wide variety of aids to transportation, operates the postal service, fosters local and private initiative in housing and urban renewal, provides financial and other aids to small businesses and to areas suffering from substantial and persistent unemployment, and helps finance civil defense preparations. Expenditures for many of these and other commerce and housing programs will continue to increase as workloads rise and past commitments for construction and expansion fall due. Moreover, the Government's outer space activities are requiring substantially increased expenditures. Nevertheless, the total expenditures of \$3.4 billion estimated for the fiscal year 1962 for commerce, housing, and space technology are \$413 million less than the expenditures now estimated for 1961, primarily because legislation is proposed to increase postal rates and thus eliminate the postal deficit financed from the general fund.

Space exploration and flight technology.—Civil space activities being carried forward under the National Aeronautics and Space Administration include: (1) the development of larger and improved space vehicles, new types of propulsion and equipment, and a wide range of necessary supporting research and development; (2) the development of systems of meteorological and communications satellites; and (3) the search for new knowledge about the universe through unmanned, and eventually manned, space exploration. The NASA also carries on research related to new and improved types of aircraft and missiles, chiefly to support programs of the military services.

Expenditures for civil space programs are estimated at \$965 million during fiscal year 1962, which is \$195 million more than in 1961 and \$564 million more than in 1960. Appropriations of \$1,110 million for 1962, and supplemental appropriations of \$50 million for 1961, are recommended in this budget. Legislation is being proposed to authorize the appropriations required for 1962 and to provide permanent authorization for later years. In addition, amendments to the National Aeronautics and Space Act of 1958 are again being proposed to improve the organization and management of the space programs.

We have just cause to be proud of the accomplishments of our space programs to date and can look forward with confidence to future achievements which will succeed in extending ever further the horizons of our knowledge.

The first attempts to develop communications systems have met with outstanding success with both the Echo I passive communications satellite, which has reflected signals between widely distant stations on the ground, and the Courier active communications satellite of the Department of Defense, which has stored and relayed messages transmitted to it from the ground. We are now ready, therefore, to take the first steps leading to a practical satellite communications system for commercial use. While the special nature of space operations makes it necessary and proper for the Government to take the lead in advancing the needed research and development of satellites for commercial communications use and to conduct the launchings, private industry should participate in the development phase and should be aggressively encouraged to assume the costs of the establishment

Commerce, Housing, and Space Technology:

BUDGET TOTALS

[In billions]

	1960 actual	1961 estimate	1962 estimate
Expenditures.....	\$2.8	\$3.8	\$3.4
New obligational authority...	3.8	4.6	4.0

LEGISLATIVE PROPOSALS

(In addition to program extensions)

1. Provide permanent authorization for space programs.
2. Strengthen organization and management of space programs.
3. Modify program of grants for airport construction.
4. Incorporate the Washington, D.C., airports.
5. Make domestic trunk airlines ineligible for future subsidy.
6. Increase aviation gasoline tax to 4½ cents, tax jet fuels, and credit receipts to general fund.
7. Provide flexible interest rates on Government ship mortgage loans.
8. Provide for reimbursement by Panama Canal Company for various costs borne by the U.S. Treasury.
9. Raise highway fuel tax to 4½ cents and repeal pending diversion of excise taxes.
10. Finance forest and public lands highways from highway trust fund.
11. Increase postal rates.
12. Provide permanent authority for major housing programs.
13. Increase reserves of Federal Savings and Loan Insurance Corporation.
14. Revise ceilings on interest rates on veterans, military, and rental housing loans.
15. Extend direct housing loans for Korean conflict veterans but terminate these readjustment benefits for World War II veterans.
16. Authorize loans and grants to assist areas with chronic unemployment.
17. Improve antitrust legislation.
18. Strengthen programs for fallout protection.

COMMERCE, HOUSING, AND SPACE TECHNOLOGY

[Fiscal years. In millions]

Program or agency	Budget expenditures			Recommended new obligational authority for 1962
	1960 actual	1961 estimate	1962 estimate	
Space exploration and flight technology.....	\$401	\$770	\$965	\$1,110
Promotion of aviation:				
Federal Aviation Agency.....	508	640	730	686
Civil Aeronautics Board.....	60	87	82	84
Promotion of water transportation:				
Department of Commerce.....	269	279	338	293
Coast Guard.....	238	262	272	296
Panama Canal Company.....	(¹)	16	10	-----
Provision of highways.....	38	39	(¹) (²)	(²)
Postal service:				
Public service costs.....	37	49	63	63
Postal deficit under present law.....	488	897	843	843
Proposed rate revisions.....	-----	-160	-843	-843
Community development and facilities:				
Urban Renewal Administration.....	108	159	208	310
Other.....	22	25	31	4
Public housing programs.....	134	153	170	183
Other aids to housing:				
Federal Savings and Loan Insurance Corporation:				
Present program.....	-20	-35	-64	-----
Proposed premium increase.....	-----	-----	-164	-----
Federal Housing Administration.....	-53	3	21	53
Veterans housing loans:				
Present program.....	206	100	115	150
Proposed limitation on eligibility.....	-----	-----	-30	-----
Federal National Mortgage Association.....	-30	113	75	285
College housing loans.....	201	172	200	100
Farm housing loans and other.....	-25	-39	26	12
Other aids to business:				
Small Business Administration.....	63	68	94	24
Proposed area assistance legislation.....	-----	-----	10	83
Other.....	33	56	58	71
Regulation of commerce and finance.....	58	67	74	73
Civil and defense mobilization.....	46	50	81	104
Disaster loans and relief.....	-1	14	7	9
Total.....	2,782	3,784	3,371	³ 3,993

¹ Less than one-half million dollars.² Reflects proposed financing of Federal-aid highways in national forests and public lands from highway trust fund.³ Compares with new obligational authority of \$3,784 million enacted for 1960 and \$4,612 million (including \$203 million of anticipated supplemental appropriations) estimated for 1961.

and operation of the commercial system. The recommendations in the 1962 budget, including a supplemental estimate for 1961, provide for moving ahead rapidly with the development of an active communications satellite system for commercial use, and anticipate that private concerns will provide \$10 million in 1962 in support of the program.

In the field of meteorology we have also achieved success with the Tiros I and Tiros II satellites. The 1962 recommendations provide for further experiments with more advanced Tiros and Nimbus satellites, which may provide the basis for an operational system for weather forecasting and research.

In the program for manned space flight, the reliability of complex booster, capsule, escape, and life-support components of the Mercury system is now being tested to assure a safe manned ballistic flight into space, and hopefully a manned orbital flight, in calendar year 1961. Further testing and experimentation will be necessary to establish whether there are any valid scientific reasons for extending manned space flight beyond the Mercury program.

In unmanned space exploration, the scientific information received from our earth satellites and space probes has taught us a great deal about the earth and surrounding space. In the near future, the first launching under the Ranger unmanned lunar exploration program will take place. This program will eventually include the increasingly complex Surveyor and Prospector series. Investigations in the vicinity of the planets Mars and Venus are planned under Project Mariner with initial launchings scheduled for 1962. Large earth-orbiting astronomical and geophysical observatories are also planned as successors to our present scientific satellites.

The success of many of the advanced projects planned for 1962 and future years will depend on the success of the new and powerful Centaur and Saturn launch vehicles. Steady progress has been made on these boosters, which use proven liquid propellant in the lower stages and advanced liquid hydrogen propellant in the upper stages. The weight-lifting capability of the Saturn launch vehicle will surpass any currently known to exist.

Transportation and communication.—Few segments of our economic system are more essential to economic growth and national defense than an adequate and efficient transportation and communication network. This budget reflects important actions under way to modernize Federal transportation and communication programs. As a basis for future legislation, the Congress also has before it a comprehensive study of our Nation's transportation system completed last year by the Secretary of Commerce.

Aviation.—The expanded program to improve air traffic control and navigation services, begun in 1957, is advancing rapidly under the direction of the Federal Aviation Agency. Over this period

budget expenditures for the promotion of civil aviation have risen from \$219 million to an estimated \$811 million for 1962. Large numbers of radars and instrument landing aids, as well as many new navigation aids and other airway facilities, have been placed in operation. Substantial progress has been made in achieving joint use of facilities for air defense and air traffic management purposes. The improvements being provided and those now under active development by the Federal Aviation Agency will help assure accommodation of a growing volume of air traffic with maximum safety and efficiency.

The continuing expansion of the modernization effort will cause expenditures of the Federal Aviation Agency to rise by \$90 million to an estimated \$730 million in 1962. New obligational authority of \$686 million is being requested, primarily for procurement of additional equipment, for operating the airways system, and for conducting research and development of new equipment and techniques.

New legislation is recommended to authorize appropriations for continuing Federal grants-in-aid for airport construction beyond 1961. In this legislation, the present method of providing new obligational authority by contract authorization in substantive legislation should be changed to appropriations which are subject to the normal executive and congressional review process, but still provide for adequate advance planning by localities. For 1962, this budget includes recommended appropriations of \$40 million, which is \$23 million less than the presently authorized level. The reduction reflects the sound policy that the level should progressively be reduced and that, after a reasonable transition period, users and benefiting communities should assume full responsibility for the construction of airports, which should be largely self-financed.

Legislation is again recommended to establish a Federal corporation to operate the Washington National and Dulles International Airports in the Washington, D.C., metropolitan area. This arrangement will provide greater management flexibility to meet changing requirements and permit more business-like operations.

Subsidies to local-service airlines, including intra-Alaska operations and helicopter services in Chicago, Los Angeles, and New York, continue to be excessive. These Federal payments currently average about \$12 per passenger-trip for all trips of local-service carriers. The reduction in subsidy expenditures of the Civil Aeronautics Board from \$87 million in 1961 to \$82 million in 1962 reflects the large non-recurring payments in 1961 to reduce the backlog of unpaid subsidies from prior years rather than any reduction in accruing subsidies. According to current Board estimates, subsidies will rise to a peak in fiscal year 1963 and will remain above \$80 million through 1966. Strong demands for additional services and for new routes to smaller communities could cause further increases in subsidies because the potential traffic is inadequate to pay the full costs of the services.

The dependence of these local-service carriers on the Federal Government should be reduced. Toward this end positive action is needed from both the Civil Aeronautics Board and the Congress. The Board should discontinue the least essential routes and stops in accordance with its use-it-or-lose-it policy, and should also develop other means of limiting Federal support. The Congress should review the basic promotional policy of the Federal Aviation Act, giving special attention to the question of whether the national interest justifies continuing substantial Federal payments to sustain deficit operations for service to points with very limited traffic.

Domestic trunk airlines, now self-supporting, provide more passenger miles of transportation than any other common carriers. In view of this evidence of the industry's growing maturity, the Congress should enact legislation to make trunk lines ineligible for subsidies after a period of subsidy-free operations. This will remove a potential burden on Federal resources.

Airway user charges.—The civilian users of the Federal airways system enjoy substantial benefits from the large and growing Government outlays for improved traffic control and navigation services. Federal costs for operating and improving the airways system, excluding airport grants and weather and other indirect services, now approach \$600 million a year. It is wholly appropriate that civilian users begin to assume a more reasonable share of these costs, most of which are now borne by the general taxpayer.

To achieve this purpose, it is again recommended that the present tax on aviation gasoline be increased from 2 to 4½ cents per gallon and that the 4½-cent tax rate be extended to jet fuels, which are now tax free. In addition, receipts from the existing and proposed aviation gasoline taxes should be placed in the general fund rather than transferred to the highway trust fund as at present. There is no sound reason for using these taxes to finance highway construction. The airlines should be assured that these tax increases may be reflected promptly in fare adjustments.

Promotion of water transportation.—The steadily rising cost of operating U.S. merchant ships is seriously hampering our efforts to achieve a healthy, competitive merchant marine industry. Net expenditures by the Department of Commerce, chiefly the Maritime Administration, in 1962 are estimated at \$338 million, up from \$279 million in 1961. Expenditures for replacement of war-built cargo ships are estimated to rise by \$23 million, and outlays for operating subsidies are expected to be \$32 million more than in 1961.

In order to assist the shipping industry to achieve lower costs and a stronger competitive position, the Government has recently initiated a new research and development program. A primary objective

of this program is to make available the new equipment necessary to mechanize shipboard operations along the lines already well established in shoreside industries. The full cooperation of Government, industry, and labor will be required to assure the success of this program. Established practices and legislative policies must be reassessed, and attention must be focused on measures most likely to enhance the competitive position of U.S. merchantmen in international trade. If the United States is to maintain its position as a maritime nation, if the industry is to be reasonably profitable and less dependent upon Government aid, and if maritime employment is to be stable and wages high, continuous bold innovations are necessary.

It is again requested that the inflexible $3\frac{1}{2}\%$ interest rate on ship mortgage loans made by the Maritime Administration be replaced by authority to charge the Government's full cost for such loans.

Expenditures by the Coast Guard are estimated at \$272 million in 1962, which is \$10 million more than in 1961. This increase reflects the operation of new loran stations, higher repair and maintenance costs, modernization of facilities, and replacement of equipment, such as patrol vessels, rescue helicopters, and aids to navigation.

Construction will continue on the Balboa Bridge across the Panama Canal. Widening of the canal from 300 to 500 feet in the area of the Continental Divide will also continue, in order to accommodate increased ship traffic. As a result of some increase in toll revenues and some decrease in capital outlays, budget expenditures of the Panama Canal Company in 1962 will be \$6 million less than in 1961. The Company should be authorized to reimburse the U.S. Treasury for various costs associated with its operations which are not now recovered, including the increased annuity payable to the Republic of Panama in accordance with the treaty of 1955, and legislation to this end is proposed.

Following extensive study, I have concluded that the commercial activities of the Panama Steamship Line should be discontinued and the Board of Directors of the Panama Canal Company has been requested to take appropriate steps to do so. Commercial shippers now using the Panama Line have been notified of this action, and complete cessation of commercial activities of the Line is to be accomplished by February 10, 1961. Thereafter, the activities of the Line should be confined solely to the transportation of passengers and freight for the account of the Panama Canal Company and the Canal Zone Government. This action will undoubtedly require a reappraisal of the Line's operations, including a review of the need for supplying Company-owned shipping services to the Panama Canal Company from the continental United States, in the light of national maritime considerations and established Government policy to avoid undue competition with private enterprise.

Highways.—The Interstate Highway System has progressed considerably since the enactment of the Highway Act of 1956, with almost 10,000 miles now open to traffic. Active work is under way on another 14,600 miles, of which approximately 1,600 miles are expected to be open to traffic by the end of calendar year 1961. To continue this progress and assure timely completion of the Interstate System, two important legislative actions are required. The highway fuel tax should be increased to 4½ cents per gallon, as previously recommended, and the rate should be continued at this level through 1972, instead of reverting to 3 cents on July 1, 1961, as provided by present law. The unwise diversion of automotive excise taxes from the general fund to the highway trust fund, also scheduled for July 1, 1961, should be rescinded.

Adoption of these recommendations will make it possible to complete the Interstate System in 1973 to meet the traffic needs for which it is designed. The enactment of my previous recommendations to (1) transfer financing of forest and public lands highways, which for the most part are components of the Federal-aid systems, from the general fund to the highway trust fund and (2) retain the receipts from aviation gas taxes in the general fund, will not extend this planned completion date. Under the proposed program, Federal payments from the trust fund for highways in fiscal year 1962 are estimated at \$3,029 million, up from \$2,868 million in 1961.

The Secretary of Commerce, in a report submitted to the Congress this month, is presenting a current estimate of \$37 billion as the total Federal cost of the Interstate System. The estimated construction costs of this 41,000-mile system are about \$1 billion less than in the 1958 estimate, but the new total includes the cost of highway planning and administration not previously included.

Postal service.—During recent years, the Post Office Department has been conducting a large-scale modernization program to improve the delivery of mail and to reduce handling costs per unit. For example, a new system of mail transportation and distribution is now providing overnight delivery of letter mail within all principal metropolitan areas. Modern mail processing systems with electronic and mechanical equipment developed under the direction of the Department are already in operation in 17 major postal facilities, and similar installations will soon be in use in 48 others.

While the modernization program has increased the efficiency of postal operations and will contribute to savings in future costs, it cannot materially reduce the enormous postal deficit. In fiscal year 1962 this deficit is estimated at \$843 million, after deduction of the \$63 million estimated cost of services benefiting the public at large computed in accordance with the principles used by the Congress in previous years. The deficit is largely the result of the

enactment by the Congress in the postwar years of postal pay increases without corresponding rate increases.

In the Postal Policy Act of 1958, the Congress established the policy that postal rates should be kept high enough to recover postal expenses except for the cost of certain public services as fixed by appropriation acts. In accordance with this policy, rate increases adequate to cover such expenses were proposed to the Congress in 1959 and again in 1960. No rate legislation was enacted in either year. With record postal deficits in prospect for the current fiscal year and for 1962, rate increases must be provided promptly to achieve a self-supporting postal service. Accordingly, I strongly urge that additional revenue of \$843 million be provided for the fiscal year 1962 and that the higher rates be made effective by April 1, 1961, in order to reduce the postal deficit for the fiscal year 1961. Such action is necessary to eliminate the drain upon the Treasury of this mounting deficit for which there is no justification in law or in equity.

Housing and community development.—During the past decade, housing construction and improvement have gone forward at the highest level in history. The housing shortages of the postwar period have been largely met, and the housing conditions of the great bulk of the population improved. At the same time, major new governmental and private programs have begun to reverse the blight and deterioration afflicting our urban areas. Thus, a solid base has been laid for greater progress in the decade of the sixties.

In the future, as in the past, the best results will be obtained by emphasizing leadership and financial participation by private industry and by local and State public agencies. Federal assistance can be most effective, most consistent with our free institutions, and least costly to the taxpayers if it emphasizes the supplementary action needed to help overcome obstacles to private and local accomplishment.

The major needs for the immediate future can best be met by assuring private groups and local governments of the continuing availability of existing Federal programs. Unfortunately, at the present time most housing programs require legislative action at frequent intervals merely to continue present operations. These programs are no longer experimental. Their continued availability should not depend upon the enactment of legislation which also often includes controversial changes. Rather, the major existing housing programs, like most other Federal programs, should be authorized permanently, subject only to normal annual budgetary review by the executive branch and the Congress.

Urban renewal.—The nationwide program to rebuild and rehabilitate our cities continues to grow. By the close of the current fiscal year, an estimated 68 projects in 50 cities will be completed, another 577 projects will be under way, and planning for 310 more will be in process.

These 955 projects will ultimately have required a total of almost \$2 billion in Federal grants to pay two-thirds of the net cost. If present trends continue, approximately the same amount may also be needed for Federal purchases of mortgages to finance construction of housing connected with the same projects. This Federal aid will generate much greater private and local investment and will result in substantial increases in property values and in tax revenues to local public agencies.

This vital program should move forward on a basis which gives adequate assurance to local communities of continuing Federal assistance and also places proper emphasis on local participation. Accordingly, permanent authority should replace the present annual statutory limitations on Federal grants, with annual amounts provided through the normal appropriation process. Further, the local share in project costs should be increased from one-third to one-half to reflect more adequately the increases in local tax revenues and other direct benefits to the communities participating in the program. For the fiscal year 1962 new obligational authority of \$300 million is recommended.

Urban planning.—The various housing and urban renewal programs and the Federal-aid highway program have important impacts on the character and development of our rapidly growing metropolitan areas. To help assure that these aids make the maximum contribution to sound community development, the Secretary of Commerce and the Housing and Home Finance Administrator have established a new procedure for the joint use of urban planning grants and Federal-aid highway research and planning funds for comprehensive metropolitan planning. This procedure is intended not only to produce better planning for the use of Federal, State, and local funds, but also to encourage effective coordination and cooperation among the many local governments and the State and Federal agencies engaged in metropolitan development activities. To help carry out the new approach, as well as to aid mass-transit planning and to meet other expanding requirements, it is recommended that the present statutory limitations on appropriations for urban planning grants be removed and that the appropriation for such grants be increased to \$10 million for 1962 from the \$4 million appropriated for 1961.

Public housing programs.—By the close of the fiscal year 1962 an estimated 522,000 federally aided public housing units will be occupied, and construction will be underway on 49,000 more units. Another 49,000 units will be under contract for Federal contributions but construction will not yet have been started on these units. In view of the large number of authorized units not yet under construction, no additional authorization is recommended in this budget. Ex-

penditures for contributions to local authorities will increase in 1962 largely because of subsidies required on newly occupied units.

Federal Savings and Loan Insurance Corporation.—A year ago legislation was recommended to provide needed increases in the insurance reserve of the Federal Savings and Loan Insurance Corporation, which insures the share accounts of institutions representing the largest source of home mortgage financing. Because of the continuing rapid growth of these institutions, the Corporation's reserves are still only 0.66% of the insured liability, and legislation is even more necessary now. Therefore, it is recommended that the present unnecessarily high requirement for investment in stock of the Federal Home Loan banks be reduced, and that insured savings and loan associations be required to make additional prepayments of insurance premiums of approximately the amounts of that reduction. The objective should be to build up the secondary reserves of the Corporation until total reserves reach 2% of the insurance liabilities. This proposal would cause a much more rapid increase in the insurance reserves of the Corporation, by adding an extra \$164 million in 1962. It would not significantly increase the costs to member associations, but would allocate more realistically the combined resources of the Home Loan banks and the Corporation.

Insurance of private mortgages.—The Federal Housing Administration expects to increase its commitments to insure mortgages from about 800,000 housing units in the fiscal year 1961 to over 900,000 units in 1962; about 40% of the 1962 commitments will be mortgages on newly built houses. However, since the present amount of insurance authority will be used up within the next few months, prompt action is needed to prevent interruption of this important program. The Congress should remove the present ceiling on this authority so that home buyers, builders, and lenders can count upon the continued availability of Federal mortgage insurance.

Legislation should also be enacted to make permanent the authority to insure loans on home improvements, which expires October 1, 1961. This program, initiated in 1934, has proved to be an important aid to modernization of existing homes, and its continuance should no longer depend on periodic congressional action.

Statutory ceilings on interest rates for certain types of mortgages insured by the Federal Housing Administration, as well as for direct and guaranteed loans of the Veterans Administration, have from time to time limited the effectiveness of these programs. In the past, the Congress has recognized the need for some increased flexibility in such interest rates in order to attract adequate private capital. In the present situation, the interest rate ceiling of 5¼% on housing loans guaranteed by the Veterans Administration is a serious obstacle to adequate private financing. The similar ceiling on insured mort-

gages for rental housing, especially for the new housing program for the elderly, and the ceiling of 4½% on family housing for members of the armed services also discourage private financing. As previously recommended, these ceilings should be increased or removed by the Congress. The success of the new mortgage insurance program for nursing homes in obtaining private funds through slightly higher interest rates illustrates the importance of adequate flexibility in such rates.

Veterans housing loans.—The last Congress extended the veterans direct housing loan program of the Veterans Administration for another 2 years, provided new obligational authority of \$150 million for such loans for each of the fiscal years 1961 and 1962, and provided for a 2-year extension of the loan guarantee program for World War II veterans. The need for continuing the readjustment benefit programs of direct loans and loan guarantees for World War II veterans has long since passed.

Changes are recommended in the direct loan program to (1) confine this program, beginning July 26, 1961, to veterans of the Korean conflict, (2) extend the program for Korean conflict veterans from the present termination date of July 25, 1962, until February 1, 1965 (the same termination date as for loan guarantees for these veterans), and (3) finance the extended program from funds already authorized, augmented by funds from repayment of loans previously made. These changes will permit a satisfactory program of aid for veterans of the Korean conflict with expenditures of \$85 million in 1962, a reduction of \$15 million from 1961.

Voluntary Home Mortgage Credit Program.—Authority for the Voluntary Home Mortgage Credit Committee expires October 1, 1961. Under present unrealistic interest rate limitations, this program cannot contribute substantially to the financing of guaranteed home loans to veterans in remote areas. Other federally insured loans are, however, being placed for borrowers in such areas and for members of minority groups. The Committee is also now trying to find private financing for mortgages eligible for special assistance by the Federal National Mortgage Association. This program should, therefore, be extended for another 2 years.

Mortgage purchases.—Mortgage financing requirements for housing for displaced families, for elderly families, and in urban renewal areas, will continue to increase in 1962. Despite the progress made by the Voluntary Home Mortgage Credit Committee in finding some private financing, the bulk of the financing needs for these types of housing will continue to be met through mortgage purchases by the Federal National Mortgage Association under its special assistance functions. The Association will require, for this purpose, additional new obliga-

tional authority of \$250 million in 1962; the legislation should authorize provision of this amount through the appropriation process.

Through its secondary market operations trust fund, the Federal National Mortgage Association will purchase an estimated \$1 billion of insured and guaranteed mortgages of all types at market prices. Unlike the special assistance program, which is wholly financed by the Federal Government, almost all of the necessary funds for secondary market operations will be provided by sale of debentures to private investors and by purchase of common stock by mortgage sellers. New obligational authority of \$35 million, however, is estimated to be required for additional Treasury subscriptions to the Association's preferred stock.

College housing.—Legislation enacted by the last Congress provided sufficient authority to continue the present college housing program into the fiscal year 1962. I have previously recommended a new program to be administered by the Department of Health, Education, and Welfare to provide Federal assistance for university facilities of all types through loan guarantees and grants. As a transition to that new and broader program, new obligational authority of \$100 million for college housing loans is recommended for 1962. Together with funds from existing authorizations, this will permit new loan commitments of \$200 million in 1962.

Promotion and regulation of business.—The Federal Government provides a variety of direct and indirect aids to business enterprises. At the same time, Federal regulatory agencies and programs enforce competition and regulate monopoly in many specific areas.

Small business.—Federal assistance to small business will continue to grow in 1962. Financial aid under the Small Business Investment Act to both small business investment companies and to State and local development companies is increasing at a rapid rate. The number of such investment companies is expected to exceed 400 by the end of June 1962, compared to 109 in June 1960, thus expanding the supply of private capital available to small businesses. Other loans by the Small Business Administration will continue at a high level, as will the efforts to assist small businesses in obtaining a larger share of Federal procurement and research contracts and in improving management methods. Special efforts are being made to provide assistance to firms displaced by urban renewal projects and firms in labor surplus areas.

Legislation should be enacted to extend the important program of loans to local development companies, which otherwise expires at the end of the current fiscal year. In addition, legislation is again re-

quested to extend the privilege of simplified filings under the Securities Act of 1933 to a wider range of securities issues, and thus to facilitate small business financing.

Area assistance.—The Department of Commerce, with the assistance of 16 other departments and major agencies, has further extended in the past year the wide range of Federal aids to local communities suffering from severe and chronic unemployment. However, private groups and local public officials must provide the primary initiative in finding successful permanent solutions for the difficult problems of their specific areas.

For the past 5 years I have repeatedly recommended legislation which would provide the authority necessary for more effective Federal assistance without merely substituting temporary Federal aid for indispensable local leadership. Alternative proposals enacted by the Congress, which would have been less effective and more expensive, have been vetoed. The Congress is again urged to enact sound legislation to permit reasonable increases in Federal aid through a program of loans and grants. This program should continue to be administered by the Secretary of Commerce to avoid establishment of an unnecessary new agency. Appropriations of \$83 million for 1962 are requested to initiate the expanded Federal program.

Export expansion.—The national export expansion program launched early last year by the Department of Commerce has already had considerable success. This budget includes recommendations for additional appropriations to help achieve further increases in exports and to place greater emphasis on encouraging travel to the United States.

New York World's Fair.—The Secretary of Commerce, at my request, is developing plans, in anticipation of authorizing legislation, for Federal participation in the New York World's Fair scheduled to open in the spring of 1964.

Regulation of commerce and finance.—Under this budget, the Federal Communications Commission, the Federal Trade Commission, the Interstate Commerce Commission, the Securities and Exchange Commission, and the Civil Aeronautics Board will be further strengthened. The appropriations recommended for these five independent regulatory agencies will finance a staff 40% greater than at the end of 1956, an expansion clearly required by the growth of regulated industries, by new legislative responsibilities, and by the increased complexity of the problems involved. Numerous improvements in agency operations to simplify procedures and reduce backlogs are anticipated from a series of management studies made in recent months. The increas-

ing workload of these agencies increases the need to adjust or impose charges on the regulated industries or activities sufficient to cover the costs of administration.

The antitrust laws should be strengthened by legislation (1) requiring large businesses to notify the antitrust agencies of proposed mergers, (2) empowering the Attorney General to issue civil investigative demands in antitrust cases when civil procedures are planned, and (3) authorizing the Federal Trade Commission to seek preliminary injunctions when it is likely that a proposed merger would violate the law.

Civil and defense mobilization.—Prudent concern for the protection of the civilian population from hazards in a nuclear world makes it necessary to recommend increases for 1962 in appropriations for civil defense. The largest increases for nonmilitary defense will provide funds for increasing medical stockpiles and for the first full-year cost of a program begun in 1961 to match State and local costs for civil defense personnel and administration. Additional funds are also requested for procurement of radiological equipment and for strengthening Federal activities in emergency health and manpower programs.

The Congress and the executive branch have recognized that civil defense is the joint responsibility of Federal, State, and local governments. As exercise of its partnership, the Federal Government has, by leadership and example, implemented a national shelter policy, which recognizes the fallout shelter as the best single nonmilitary defense measure for the protection of the greatest number of people. Under this policy the Federal Government has instructed people in protective measures, conducted a sample survey of existing shelter capabilities, accelerated shelter research, and constructed prototype shelters for example and guidance. Moreover, the Congress has been urged to provide funds for inclusion of fallout shelters in appropriate new and existing Federal buildings. Funds and appropriate legislation are being requested to accelerate these activities in 1962.

In order to strengthen the program, legislation is being proposed to require appropriate fallout shelters in certain new private construction where the Federal Government provides some form of financial assistance. This legislation will also provide for a 1-year program of grants to States to assist in the construction of fallout protection shelters in selected State buildings. Upon the enactment of this legislation, supplemental appropriations will be required.

AGRICULTURE AND AGRICULTURAL RESOURCES

In the fiscal year 1962, Federal programs for agriculture will continue to require heavy expenditures for much the same reason

as in the immediately preceding years: the lack of adequate modifications in the price-support laws to make them conform to the increased efficiency and growing productive capacity of the agricultural industry.

Estimated expenditures for agriculture and agricultural resources in 1962 are \$5.1 billion, which is \$165 million more than the estimate for the current year and \$263 million more than was spent in 1960. Total new authority to incur obligations requested for 1962 is \$4.6 billion, which includes \$936 million to restore, to the extent necessary, the capital impairment of the Commodity Credit Corporation resulting from previous price-support losses, and \$1.7 billion to reimburse the Corporation for estimated costs and losses through fiscal year 1961 of other programs financed through that agency.

Each year that the current unrealistic price-support program is continued complicates further the production adjustments that will have to be made before present Government controls over farm operations can be relaxed. Carryover stocks of wheat continue to rise. Current indications are that by July 1, 1961, wheat stocks will amount to about 1.5 billion bushels, which is more than an average year's production and $2\frac{1}{2}$ times an average year's domestic consumption. Carryover stocks of corn and other feed grains have risen each year since 1952, and by the fall of 1961 are expected to reach 82 million tons, or about one-half an average year's production. While cotton

Agriculture and Agricultural Resources:

BUDGET TOTALS

[In billions]

	1960 actual	1961 estimate	1962 estimate
Expenditures	\$4.8	\$4.9	\$5.1
New obligatory authority . . .	5.2	4.7	4.6

LEGISLATIVE PROPOSALS

(In addition to program extensions)

1. Modify price-support legislation, particularly wheat.
2. Extend and expand conservation reserve concurrent with modification of wheat program.
3. Extend and amend Sugar Act.
4. Establish borrower-owned institution to finance rural electrification and telephone loans.
5. Simplify and consolidate authority of Secretary of Agriculture for making farm ownership and operation loans.
6. Require greater sharing by States in costs of farm disaster relief.
7. Reduce advance authorization for agricultural conservation program.

AGRICULTURE AND AGRICULTURAL RESOURCES

[Fiscal years. In millions]

Program or agency	Budget expenditures			Recommended new obligational authority for 1962
	1960 actual	1961 estimate	1962 estimate	
Stabilization of farm prices and farm income:				
Commodity Credit Corporation—price support, supply, and purchase programs.....	\$1,480	\$1,423	\$1,537	\$936
Commodity Credit Corporation—special activities:				
Public Law 480 (titles I and IV).....	1,232	1,285	1,303	1,353
International Wheat Agreement.....	66	72	71	89
National Wool Act.....	93	62	66	59
Transfer of bartered materials to supplemental stockpile.....	192	208	175	163
Other.....	6	-2	-2	-----
Removal of surplus agricultural commodities.....	90	100	110	284
Sugar Act.....	74	74	85	81
Other.....	44	42	51	51
Subtotal.....	3,278	3,264	3,396	3,017
Financing rural electrification and rural telephones.....	330	328	340	255
Financing farm ownership and operation:				
Farmers Home Administration.....	249	264	231	225
Farm Credit Administration.....	-3	4	4	3
Conservation of agricultural land and water resources:				
Conservation reserve:				
Present program.....	324	354	357	330
Proposed legislation for extension and expansion.....	-----	-----	19	19
Agricultural conservation program:				
Program total.....	237	236	234	238
Under CCC special activities.....	(1)	(-4)	(-8)	-----
Soil Conservation Service (including watershed protection and Great Plains program).....	131	151	163	166
Research and other agricultural services.....	293	336	357	352
Total.....	4,838	4,936	5,101	24,605

¹ Less than one-half million dollars.² Compares with new obligational authority of \$5,151 million enacted for 1960 and \$4,696 million (including \$23 million in anticipated supplemental appropriations) estimated for 1961.

carryover stocks are expected to be down slightly by the beginning of the fiscal year 1962 as compared with a year earlier, the cotton program continues to be a substantial drain on the budget, principally as a result of the sale of cotton abroad at prices substantially lower than support levels.

Among the many aspects of the price-support program in need of major changes, the most urgent is the enactment of realistic price-

support legislation for wheat. It is imperative that the Congress take early action so that farmers can make the necessary adjustments in their plans. Because of the time lag between enactment of new price-support legislation and its budgetary impact, legislation enacted in this session of the Congress can have little effect before the 1963 budget. My previous recommendations for wheat legislation allow for considerable latitude in method of approach as long as the legislation deals realistically with the problem.

The last session of the Congress did not extend the authority of the Secretary of Agriculture to bring additional land into the conservation reserve. Since the rental rates needed to induce farmers to place large quantities of surplus-producing land in the conservation reserve depend in large part on levels of price supports, it would be unsound to attempt to set such rates high enough to compete with the present unrealistic level of price supports, particularly for wheat. Therefore, legislation proposed by this administration to extend the conservation reserve through the calendar year 1964 and to expand the program from the present level of 28.6 million acres to a maximum of 60 million acres should be enacted only if satisfactory legislation for wheat is also enacted. An expanded conservation reserve would not be effective unless largely concentrated in areas producing wheat and other surplus commodities. For this reason, the Secretary of Agriculture should be provided with specific authority to give special consideration, in allocating conservation reserve funds, to those States and regions where curtailment of the production of wheat or other surplus commodities is consistent with long-range goals for adjusting production.

Stabilization of farm prices and income.—In fiscal year 1962, expenditures for price supports and other programs to stabilize farm prices and income are estimated at \$3.4 billion, which is \$132 million more than the amount currently estimated for 1961, and \$118 million more than expenditures in 1960. Expenditures for these programs are not subject to regular annual budgetary control, since they are determined mainly by the loan, commodity purchase, and other price-supporting activities that the Commodity Credit Corporation is required to carry out under existing laws. In 1962 farm price support and related activities account for about two-thirds of the estimated expenditures for agricultural programs. The budget estimate assumes that yields per acre of price-supported crops for the 1961 crop year will be in line with recent years. It also assumes a continued favorable level of exports of farm commodities.

This high level of expenditures reflects, directly or indirectly, the continuation of present price supports in the face of a volume of agri-

MESSAGE OF THE PRESIDENT

cultural production that cannot be absorbed by the domestic and world markets at currently supported prices. Total farm production for the calendar year 1960 established an all-time record both on an absolute and a per capita basis. It was 29% above the 1947-49 average, and was achieved with 30% fewer farmworkers and 6% fewer crop acres.

Surplus wheat, cotton, corn, rice, and other commodities are being utilized in our Food for Peace program to promote economic development and common defense and to provide emergency relief for needy people abroad. The largest part of the program is the sale of farm commodities for foreign currencies under title I of the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480). Because of the size of past sales, particularly a 4-year agreement with India, additional authority of \$1.1 billion is recommended for the remainder of the calendar year 1961. Titles II and III of this act provide for donating surplus commodities to foreign governments primarily for emergency relief needs and to private relief organizations in support of their activities abroad; over 55 million people benefited this past year from these donations. Continuation of the programs currently carried on under titles I and II will require legislation this year to extend them beyond December 31, 1961.

Surplus agricultural commodities are also made available to the needy at home through the direct distribution program of the Department of Agriculture, which is carried on under the permanent appropriation for the removal of surplus agricultural commodities and through the Commodity Credit Corporation's surplus disposal operations. In the fiscal year 1960, there were donations of 526 million pounds of surplus food, valued at \$59 million, directly to needy families in the United States. In October 1960, there were 3.3 million people in the United States receiving surplus foods through these programs; additional persons benefited from food donations to the school lunch program and to institutions providing aid to the needy.

Since the Sugar Act expires on March 31, 1961, prompt legislative action extending this program is required. In line with my previous recommendation, the Congress should amend the Act to provide the President with urgently needed flexibility in the allocation of quotas.

The National Wool Act, which expires on March 31, 1962, should be extended, and its financing should be shifted to a direct appropriation basis.

To conserve fiscal resources and to implement the principle that identifiable recipients of certain special services should pay for them, legislation is again proposed to permit the Federal Crop Insurance

Corporation to include its administrative expenses in determining appropriate premium rates for crop insurance.

Rural electrification and telephones.—Expenditures of the Rural Electrification Administration are estimated at \$340 million for 1962, and new obligational authority of \$255 million is recommended, including \$100 million for telephone loans and \$145 million for electrification loans.

The Rural Electrification Administration has made a major contribution to the development of rural America. About 97% of our farms now have central station electric service as compared with 11% in 1935. The telephone program also is making a real contribution to a better rural America by improving rural telephone service.

The expanding use of power in the areas served by electric cooperatives, however, requires substantial amounts of new capital each year to provide additional generating capacity and heavier transmission and distribution facilities. More than half of the total power sales by the REA system are made to rural industrial, recreational, and other nonfarm users. These nonfarm users comprise about 80% of the new customers being added.

The capital needs of the Rural Electrification Administration are being financed currently by loans from the Treasury at 2% interest. Loans are made to borrowers at this same rate. While special treatment of these programs through favorable Federal financing was justified in earlier years, the progress that has been made by the local systems in achieving the objectives of the Rural Electrification Act and in developing financial stability indicates that the time has come to plan for methods of financing other than through the Federal Government. To that end, legislation should be developed for a federally chartered institution to finance the future requirements of the rural electrification and rural telephone programs. Such an institution should be owned and managed by the REA borrowers subject to the examination and supervision of the Secretary of Agriculture. To launch the new institution on a sound basis, it should be assisted initially by a Federal loan, with provision for orderly retirement of the loan. Future capital needs of the REA borrowers should be met by the sale of the institution's obligations to the public. Provision should also be made for loans by the institution on behalf of the Secretary of Agriculture to borrowers who are unable to qualify for regular loans.

Farm ownership and operation.—Expenditures for the loan programs of the Farmers Home Administration are estimated at \$231 million for 1962, compared with \$264 million estimated for 1961. Loans are

made by the Farmers Home Administration to borrowers who are unable to obtain credit from other sources at interest rates currently prevailing in their communities, in order to finance farm ownership and enlargement, farm operations, and soil and water conservation. Direct loans for farm ownership and soil and water conservation are supplemented with private loans insured by the Federal Government.

Legislation previously recommended to simplify, consolidate, and improve the authority of the Secretary of Agriculture to make these types of loans should be enacted. Included in this legislation is a proposal to place the operations of the Farmers Home Administration on a revolving fund basis.

Authority to make loans under the farm housing loan program expires June 30, 1961. Extension of this separate farm housing loan authority is not recommended, since loans similar to the farm housing loans would be authorized under the general legislation being recommended relating to the loan authority of the Secretary of Agriculture.

Legislation should be enacted, as recommended previously, to require the States to share a greater part of the costs of farm disaster relief assistance.

Conservation of agricultural resources.—Expenditures in 1962 under the conservation reserve program are expected to be \$357 million under existing legislation. If legislation extending and expanding this program is enacted as proposed in this budget, additional expenditures of \$19 million in 1962 would result. Under the proposal, there would be a net increase of 10.5 million acres during the 1962 program year, bringing the total at the end of that year to 39 million acres. However, most of the increase in expenditures required for the 1962 program would not occur until 1963 and later fiscal years. To the extent that additions of land to the conservation reserve result in curtailment of the production of price-supported agricultural commodities, the added expenditures resulting from extension and expansion of this program will be accompanied by lower outlays for price supports.

An advance authorization of \$100 million is recommended for the 1962 agricultural conservation program. This will affect primarily the expenditures for the fiscal year 1963. In recent appropriation acts the Congress maintained this program at a level which far exceeded my recommendations. As a result, expenditures for the agricultural conservation program are estimated to be \$236 million in 1961 and \$234 million in 1962. The \$100 million advance authorization, together with other aids for soil and water conservation, will provide substantial incentives for the Nation's farmers to meet our high-priority conservation needs.

Federal cost-sharing assistance in the future under this program should be concentrated on conservation measures which will foster needed shifts to less intensive uses of cropland, and assistance should be eliminated for practices which increase capacity to produce agricultural commodities already in surplus supply. Continuation of cost sharing for output-increasing practices directly conflicts with the recommended expansion of the conservation reserve program under which cropland is removed from production.

New obligational authority of \$66 million is recommended for the upstream watershed programs, including \$46 million under the Watershed Protection and Flood Prevention Act. Of this amount, \$10 million is for initiating construction of projects involving an estimated total Federal cost of \$70 million. Expenditures under these programs are expected to be \$65 million in 1962, which is an increase of \$12 million over 1961 and \$21 million over 1960. New obligational authority requested for the Great Plains program totals \$10 million, the same as for 1961.

Research and other agricultural services.—Expenditures for research, education, and other agricultural services in 1962, including \$17 million for purchases of foreign currencies to finance research and market development programs abroad, are estimated at \$357 million, which is an increase of \$22 million over 1961. This increase reflects primarily additional support for the research programs of the Agricultural Research Service and continuing progress on laboratory construction.

Rural development.—The rural development program inaugurated by this administration is successfully stimulating economic progress and growth in low-income farming areas of the Nation. It is becoming widely accepted as a major national approach to helping families in these areas. By June 30, 1961, it is expected that some 350 counties in 39 States will be participating in the program. Among the impressive gains reported in participating areas are the following: (1) new farm crops have been introduced and production on small farms improved; (2) the number of jobs has increased through the establishment of new industries and enlargement of others; (3) income has increased from nonfarm sources such as recreation, tourist services, and expanded business activities; and (4) educational and training programs have been inaugurated for those who have little opportunity to enter commercial farming.

The Federal Government supports this program principally through a redirection and strengthening of existing services and activities. Emphasis is placed on cooperation among Federal and State agencies and local groups. In the Department of Agriculture, the program is conducted as a part of the continuing responsibilities of 10 of its agencies, with general leadership furnished by the Extension Service,

for which an increase of \$2 million is estimated in this budget. Other Federal departments and agencies have accelerated their activities that contribute to the aims of the rural development program. These agencies include the Small Business Administration, and the Departments of the Interior, Commerce, Labor, and Health, Education, and Welfare. All of these activities are carried out under the general guidance of the Committee for Rural Development Program which was established by Executive order.

NATURAL RESOURCES

Sound development of our natural resources is necessary to meet the needs of our growing population and expanding economy. The budget recommendations for the fiscal year 1962 provide for appropriate Federal participation in the development, conservation, and use of these resources, in cooperation with State and local agencies and private interests.

Federal expenditures for natural resources are estimated to be \$2.1 billion in 1962 compared with \$2 billion in 1961. These expenditures are higher than in any previous year.

Water resources.—Approximately two-thirds of the Federal expenditures for natural resources in 1962 will be for water resources activities. The programs of the Corps of Engineers and the Bureau of Reclamation will require expenditures estimated at \$1.2 billion—a record level. Of this amount, \$1 billion will be spent on construction. This includes \$976 million for continuation of work on projects started in 1961 or prior years, \$11 million for first-year expenditures on 37 proposed new project starts, and \$13 million for advance planning of projects needed in later years. A large share of the construction expenditures of these agencies will be for multiple-purpose river basin projects, including flood control, navigation, irrigation, water supply, hydroelectric power, and in some cases related recreational and fish and wildlife benefits.

For the Corps of Engineers, the budget includes appropriations of \$15 million for starting 31 new projects and an additional number of smaller projects costing less than \$400 thousand each. The estimated total cost of building these new projects is \$302 million. Appropriations of \$6 million are also recommended to enable the Bureau of Reclamation to begin construction on five new projects, with an estimated total cost of \$141 million, and to make a loan for one small reclamation project for which the total Federal commitment will be \$5 million.

The 1962 program of the Bureau of Reclamation includes protective works for the Rainbow Bridge National Monument, as required by law in connection with construction of Glen Canyon Dam.

It is again recommended that the Congress authorize construction by the Bureau of Reclamation of the Fryingpan-Arkansas project in Colorado.

A few months ago agreement was reached between the United States and Canada on the basic terms of a treaty for the cooperative development of the water resources of the Columbia River Basin. The proposal envisages the construction in Canada, within a 10-year period, of three major reservoirs and the construction by the United States of the authorized Libby project in northern Montana. The substantial flood control and power

benefits which will result from this agreement will be realized at a much earlier date with materially less cost than would be the case if they were provided by unilateral rather than by cooperative endeavor. The location of the proposed storage reservoirs will not interfere with the cycle for salmon and other anadromous fish, which constitute an important economic and recreational asset of the Pacific Northwest. The Senate should give prompt attention to the ratification of the treaty when it is presented. Following this ratification, preconstruction planning of Libby Dam should be started by the Corps of Engineers.

The previous Congress enacted legislation to authorize negotiation of an agreement between the United States and Mexico for the joint construction of Amistad (Friendship) Dam on the Rio Grande, and appropriated \$5 million for this project. The 1962 budget includes \$12 million to finance further work on the dam as soon as the technical details relating to its construction are approved by the two Governments.

Legislation should be enacted to place the financing of the Bureau of Reclamation and the power marketing agencies of the Department

Natural Resources:

BUDGET TOTALS

[In billions]

	1960 actual	1961 estimate	1962 estimate
Expenditures.....	\$1.7	\$2.0	\$2.1
New obligational authority.....	2.5	2.0	2.0

LEGISLATIVE PROPOSALS

1. Authorize Fryingpan-Arkansas project.
2. Authorize establishment of river basin planning commissions.
3. Require non-Federal interests to bear at least 30% of the cost of local flood protection projects.
4. Complete acquisition of unique wilderness area in Superior National Forest for public use.
5. Preserve three undeveloped seashore areas for public use.

NATURAL RESOURCES

[Fiscal years. In millions]

Program or agency	Budget expenditures			Recommended new obligational authority for 1962
	1960 actual	1961 estimate	1962 estimate	
Land and water resources:				
Corps of Engineers.....	\$867	\$930	\$930	\$932
Department of the Interior:				
Bureau of Reclamation.....	209	240	305	290
Power marketing agencies.....	34	41	36	36
Indian lands resources.....	59	68	63	64
Public domain lands and other.....	35	45	50	50
Tennessee Valley Authority.....	12	55	103	30
Federal Power Commission.....	7	8	9	9
International Boundary and Water Commission and other.....	12	15	19	20
Forest resources.....	220	263	311	248
Mineral resources.....	65	66	67	82
Recreational resources.....	74	87	101	105
Fish and wildlife resources.....	68	75	84	85
General resource surveys and administration.....	51	58	60	61
Total.....	1,713	1,951	2,138	12,012

¹ Compares with new obligational authority of \$2,533 million enacted for 1960 and \$2,049 million (including \$139 million of anticipated supplemental appropriations) estimated for 1961.

of the Interior on a revolving fund basis, retaining annual review and control by the Congress.

Net budget expenditures of the Tennessee Valley Authority are estimated at \$103 million in the fiscal year 1962. The increase of \$48 million over the current year will be largely for construction of power and navigation facilities. Under the authority to sell revenue bonds, enacted in August 1959, the TVA issued \$50 million of such bonds in November 1960. The Authority plans to issue an additional \$140 million in the fiscal year 1962 which, together with power revenues, will provide funds for continuing construction of power facilities and for starting construction of a new steam powerplant in the eastern part of the TVA power area. Construction will continue on Wheeler and Wilson locks and on the navigation features of the Melton Hill project, financed by appropriated funds. The Authority plans to make a payment of \$50 million from power proceeds to the Treasury in fiscal year 1962, of which \$40 million is a dividend and \$10 million is a return of Government capital. A similar payment, estimated at \$51 million, is being made in 1961.

The 1961 and 1962 programs of the TVA contemplate the acquisition of certain coal land or mining rights, on which options have been

taken, in the eastern portion of its coal supply area. Since it has not been clearly established that such acquisitions are necessary to assure an adequate reserve of coal for TVA's operations, I have directed that these actions not be taken without specific Presidential approval.

Research conducted by the Department of the Interior over the past several years has reduced substantially the cost of obtaining fresh water from saline water. Two demonstration plants for conversion of sea and brackish water into fresh water will be completed in the fiscal year 1962. Appropriations of \$3.5 million are recommended for starting two additional plants in 1962, one at Roswell, N. Mex., and the other at a location to be selected on the east coast.

River basin planning commissions.—In addition to the Corps of Engineers, Bureau of Reclamation, Tennessee Valley Authority, and International Boundary and Water Commission, several other Federal agencies participate in phases of water resources programs. The Department of Agriculture assists local groups in watershed protection and flood prevention; the Department of Health, Education, and Welfare has responsibility relating to control of water pollution; and the Federal Power Commission has broad river basin planning authority in connection with licensing construction of private power projects. The Fish and Wildlife Service, National Park Service, and other agencies also participate in certain aspects of water resources projects. Furthermore, activities of State and local agencies and private interests in the field of water resources are of increasing importance. Only with coordinated planning on the part of all groups concerned can there be assurance that all possible uses of water are adequately considered.

To provide for comprehensive, coordinated planning, legislation is being submitted to authorize the President to establish water resources planning commissions as needed in the various river basins or regions. These commissions would be composed of Presidentially appointed members from the various Federal agencies and the States. They would prepare and keep current comprehensive, integrated river basin plans. This proposed general authority would be an improvement over separate laws such as those which established the two *ad hoc* river basin study commissions for the Southeastern and Texas areas.

Cost sharing for local flood protection.—The varied requirements for financial participation by State and local interests in local flood protection projects have resulted in inequities among the various beneficiaries of such projects. In the case of projects of the Corps of Engineers, the Bureau of Reclamation, and the Department of Agriculture, non-Federal contributions range from zero to over 60% of flood protection costs. In previous budget messages, legislation has been recommended to provide an equitable, uniform minimum of 30%

non-Federal cost sharing for all flood protection projects. Although the Congress did not act on that proposal, a forward step was taken in the Flood Control Act of 1960, which provides for a uniform minimum of 20% non-Federal cost sharing on local flood protection projects of the Corps of Engineers authorized by that act. The Congress is urged to broaden this action by requiring a minimum of 30% cost sharing on all local projects providing flood protection benefits which are authorized in the future for the Corps of Engineers, the Bureau of Reclamation, and the Department of Agriculture.

Public domain and Indian lands.—In the fiscal year 1962, expenditures for the conservation and development of the public domain lands, administered by the Bureau of Land Management, will be \$43 million, somewhat higher than in 1961. Receipts from grazing fees, timber sales, and mineral leases on the public domain lands, including the Outer Continental Shelf, are estimated at \$221 million in the fiscal year 1962, an increase of \$55 million over the revenues estimated for the current year. A portion of the estimated increase will result from the increases authorized last year in the fees for noncompetitive oil and gas leases. Some of these revenues are shared with States and counties. Shared-revenue payments to these governmental units in 1962 from the public domain lands amount to \$58 million.

Estimated expenditures of \$63 million for the management of Indian lands in the fiscal year 1962 include \$33 million for construction of roads; for irrigation facilities; and for buildings and utilities, mainly additional school facilities for Indian children who reside on lands held in trust by the United States.

Forest resources.—Some increases in expenditures of the Forest Service in 1962 are needed to carry forward its long-range development program for the national forests. These increases will be for forest roads and trails and for forest protection and utilization, including forestry research, fire prevention, and recreational facilities. A supplemental appropriation of \$69 million is being requested for the fiscal year 1961 to enable the Forest Service to pay for those portions of the forest lands of the Klamath Indians which are not sold to competitive bidders by April 1, 1961 (as required by Public Law 85-731), with expenditures estimated in the fiscal year 1962. These increases will be offset in part by an expected decrease from the expenditures of \$33 million in 1961 for fire fighting in the national forests—the highest annual expenditures on record.

Management of the national forest lands yields substantial revenues, mostly from timber sales and grazing permits. These receipts—which are in addition to the amounts cited earlier under public domain lands—are estimated at \$156 million in the fiscal year 1962. Shared revenue payments to the States in 1962 are estimated at \$29 million.

Legislation is recommended to provide authority for the Secretary of Agriculture to complete acquisition of the remaining lands in the Boundary Waters Canoe Area of the Superior National Forest in order to preserve this unique wilderness area for public use.

Mineral resources.—Amendments to the Helium Act during the last session of the Congress authorize a long-range program for conserving vital helium resources. Under these amendments, effective March 1, 1961, private industry will be encouraged to finance, build, and operate plants to recover helium for sale to the Department of the Interior. Where necessary, the Secretary of the Interior may take direct steps to conserve this important resource. The program is to be financed from borrowing authority, subject to the appropriation process. Supplemental borrowing authority of \$12 million for the fiscal year 1961 is recommended so that the Bureau of Mines can start the program promptly, and provision is made in the 1962 budget to augment this initial amount by \$15 million.

The Bureau of Mines will continue its research on improved methods of production and utilization of coal and other minerals. Under recent legislation, the Department of the Interior will contract with educational, trade, and other organizations for research aimed at early solutions to some of the problems confronting the coal industry.

Recreational resources.—The rapidly expanding use of public recreational facilities is placing great demands on the resources of our national park system. The estimated increase of \$14 million in expenditures of the National Park Service from 1961 to 1962 will provide for needed maintenance and rehabilitation of the park areas and for operation of new facilities and areas added to the system in recent years. Prompt action should be taken on legislation, as recommended last year, to permit the Secretary of the Interior to acquire three of the remaining undeveloped seashore areas for the national park system. Such action will enable these areas to be preserved for public benefit.

The forthcoming report of the Outdoor Recreation Resources Review Commission will provide a comprehensive survey of outdoor recreational resources and needs. The report should be useful as a guide for Federal, State, local, and private interests in their plans for meeting increasing needs for recreation.

Fish and wildlife resources.—Expenditures for fish and wildlife resources in the fiscal year 1962 are estimated at \$84 million, an increase of \$9 million over the current year. Part of the increase will be for management and operation of fish hatcheries and wildlife refuges by the Bureau of Sport Fisheries and Wildlife. Outstanding refuges recently established by the Secretary of the Interior are the Arctic, Kuskokwim, and Izembek wildlife ranges in Alaska, comprising 11.2 million acres, with unique values as waterfowl breeding grounds and with wilderness areas of scenic beauty. Increases for the Bureau of Commercial Fisheries are for construction of oceanographic research facilities, and for biological and technological research to be initiated in 1962 under a special foreign currency program to aid the fishing industry.

General resource surveys.—Expenditures of the Geological Survey will increase primarily as a result of increased interest and participation by the States in the cooperative programs for topographic and geological mapping and water resources investigations.

LABOR AND WELFARE

The labor and welfare programs of the Federal Government have assumed in the last decade a growing role in meeting human needs in our increasingly complex, urbanized society. These programs provide manpower, health, education, science, economic security, and welfare services of great importance to the entire population and also assist many special groups such as the aged, the children, the disabled, the unemployed, and the needy.

Budget expenditures for labor and welfare programs in the fiscal year 1962 are estimated at \$4.8 billion, an increase of \$276 million over 1961. In the last decade these budget expenditures have more than doubled. Labor and welfare benefit payments from the social security and other trust funds, supported largely by payroll taxes on employers and employees, have increased fivefold in the same period to an estimated \$19.6 billion in 1962.

Of estimated expenditures of \$24.4 billion from budget and trust accounts for labor and welfare programs for 1962, an estimated \$13 billion will be for benefits and services for elderly persons. When benefits for veterans and others are added, total estimated expenditures in 1962 for benefits and services for persons who are 65 and over exceed \$16 billion.

New obligatory authority recommended for 1962 for labor and welfare programs in the budget totals \$5 billion, and is \$88 million more than estimated for the current fiscal year. The largest program increase is for public assistance, including medical care for the aged. The proposed appropriations for hospital construction grants are lower

than the amounts enacted for 1961, but expenditures will increase by \$13 million as a result of commitments under obligational authority provided in prior years. Recommended appropriations, as well as estimated expenditures, for programs to assist federally affected school districts are reduced for 1962 in view of the modifications proposed in those programs.

Education.—The vitality of our democracy and the productivity of our economy depend in large measure on the development of our human resources through an effective educational system. Primary responsibility for education rests with the local communities and States and with private institutions and groups. The strength of our American educational system flows from its freedom and this broad basis of support. Thus, the Federal role in education is properly a supplementary one, limited primarily to providing assistance where there is a special national concern. For such assistance, the Federal Government will spend in all budget categories about \$1 billion in 1962 for educational activities, including college

Labor and Welfare:

BUDGET TOTALS

	[In billions]		
	1960 actual	1961 estimate	1962 estimate
Expenditures.....	\$4.4	\$4.5	\$4.8
New obligational authority.....	4.6	4.9	5.0

LEGISLATIVE PROPOSALS

(In addition to program extensions)

1. Authorize financial aid for public elementary and secondary school construction.
2. Authorize financial aid for construction of college facilities.
3. Modify programs for aid to schools in federally affected areas.
4. Remove affidavit requirement from National Defense Education Act.
5. Remove limitation on grants to States for administration of employment security programs.
6. Extend coverage of unemployment compensation system to 3 million additional workers.
7. Adjust minimum wage and extend coverage.
8. Strengthen Welfare and Pension Plan Disclosure Act.
9. Assure equal pay for equal work.
10. Improve laws governing hours of work and overtime pay on Federal construction projects.
11. Improve hospital construction grant program.
12. Authorize grants for construction of medical and dental schools.
13. Establish loan guarantee program for construction of group practice medical and dental facilities.
14. Strengthen authority for air and water pollution control.
15. Transfer Freedmen's Hospital to Howard University.
16. Extend coverage of old-age and survivors insurance system to Federal civilian employees and to physicians.
17. Broaden medical aid for aged through voluntary Federal-State programs.
18. Revise military service reimbursement to railroad retirement and old-age and survivors and disability insurance trust funds.

LABOR AND WELFARE

[Fiscal years. In millions]

Program or agency	Budget expenditures			Recommended new obligational authority for 1962
	1960 actual	1961 estimate	1962 estimate	
Promotion of education:				
National Science Foundation, science education.....	\$57	\$65	\$69	\$74
Department of Health, Education, and Welfare:				
Assistance to schools in federally affected areas:				
Present programs.....	258	264	173	102
Proposed legislation.....			60	93
Defense education program.....	129	161	190	194
Vocational education and other.....	65	73	79	80
Other, primarily Bureau of Indian Affairs.....	60	64	69	73
Promotion of science, research, libraries, and museums:				
National Science Foundation, basic research.....	63	90	119	138
Department of Commerce:				
Bureau of the Census.....	100	38	19	17
National Bureau of Standards and other.....	17	28	54	77
Other.....	31	47	58	40
Labor and manpower:				
Department of Labor:				
Grants for administration of employment services and unemployment compensation ¹	325			
Repayable advances to unemployment trust fund.....		36	-42	
Other.....	29	47	48	47
Other, primarily Selective Service System and National Labor Relations Board.....	57	64	66	67
Promotion of public health:				
National Institutes of Health.....	348	439	516	540
Hospital construction and research grants and activities.....	146	157	170	153
Grants for construction of health research facilities.....	26	26	25	30
Community and environmental health.....	58	75	101	104
Grants for construction of waste treatment facilities.....	40	41	43	50
Other.....	199	234	240	251
Public assistance:				
Present programs.....	2,061	2,162	2,290	2,291
Proposed legislation for medical care for the aged.....			25	25
Correctional and penal institutions.....	46	49	52	52
Other welfare services:				
School lunch and special milk programs:				
Present programs.....	234	245	155	326
Proposed legislation to extend special milk program.....			94	95
Other, primarily vocational rehabilitation.....	68	78	84	105
Total.....	4,419	4,483	4,759	5,025

¹ By law the receipts and expenditures for employment security grants are shown as trust fund transactions for 1961 and 1962, and as budget transactions for 1960.

² Compares with new obligational authority of \$4,574 million enacted for 1960 and \$4,937 million (including \$34 million in anticipated supplemental appropriations) estimated for 1961.

housing loans and readjustment aid to veterans, but excluding indirect assistance through research contracts and grants.

In the last few years, it has become increasingly clear that the national interest requires an expansion of Federal activities in the field of education. Accordingly, I recommended in 1958, and the Congress enacted, the National Defense Education Act to assist students, particularly those interested in science, mathematics, and languages, and to help States improve school facilities and services. I have also recommended repeatedly and again recommend the enactment of temporary legislation to provide Federal assistance for construction of primary and secondary school classrooms and for construction of college classrooms and supporting facilities.

As outlined in last year's budget message, the proposed program would stimulate and assist in the construction of \$3 billion of public elementary and secondary schools in the next 5 years by a Federal commitment to pay half the debt service (principal and interest) on school bonds. The cost to the Federal Government over a 30-year period would be about \$2 billion. To help institutions of higher education finance construction of required facilities, the legislation would authorize a 5-year program which would provide (1) Federal guarantees of principal and interest on \$1 billion of non-tax-exempt bonds to be sold by colleges to private investors and (2) Federal grants, payable over 20 to 35 years, of 30% of the principal of \$2 billion of bonds to be issued by colleges. The aggregate Federal cost of the aid to institutions of higher education would be about \$600 million.

The precise requirements for Federal aid to local school districts are difficult to determine because of the inadequacy of available information on the classroom needs of districts in various parts of the country and on their financial capacity to meet these needs. Accordingly, funds are included in the budget for improvement of education statistics, including data on local school construction requirements and the actions local communities and States are taking to meet them.

National Science Foundation educational activities.—Expenditures of \$69 million in 1962 are estimated for graduate fellowships in science and mathematics and for other programs to train new scientists, to improve the teaching of science and mathematics, and to stimulate interest in scientific careers. This represents more than a fourfold expansion in the training programs of the National Science Foundation in 5 years.

Schools in federally affected areas.—The Federal Government has recognized an obligation to assist school districts in which enrollments are significantly increased by its activities. Legislation for this purpose was enacted as a temporary measure during the Korean emer-

gency. However, legislation providing aid to districts with children whose parents both reside and work on Federal property was made permanent in 1958. The budget provides funds required to meet Federal obligations under this program.

The programs of assistance to school districts on behalf of pupils whose parents work on Federal property but live on private taxable property expire on June 30, 1961. This budget includes \$93 million to cover the cost of extending the program for operating grants, but on a modified basis which would discharge more equitably than the expiring legislation the Federal responsibility to these districts. In the case of construction grants, where general aid for needy districts is again proposed, no separate provision is included for continuing the special program for federally affected districts. It is recommended, furthermore, that the Congress defer consideration of any extension legislation until after it has considered and enacted the broad program of Federal aid for school construction which is being recommended. The Congress would then be in a better position to determine the kind of support which should be provided to discharge the Government's obligations to these areas.

Defense education program.—The National Defense Education Act, which will be in its fourth year in 1962, the last under the current authorization, has provided outstanding assistance to American education. Expenditures under this act in 1962 are estimated to be \$190 million, an increase of \$29 million from 1961. The proposed 1962 appropriation of \$194 million will provide modest increases for fellowships, language and cultural training centers, counseling institutes, and area vocational programs. The amount requested for student loans for 1962 is estimated at the 1961 level pending further information as to the rate of applications.

I am again recommending repeal of the provision of the National Defense Education Act that requires a student seeking aid to supply an affidavit stating that he does not believe in or belong to any organization that teaches the illegal overthrow of the Government. This requirement is unwarranted and discriminatory.

Science and research (including libraries and museums).—The advancement of our national security and welfare depends in great measure upon the strength and progress of American science. The Federal Government plays a major role in the development of the Nation's scientific capacity through the research programs of many agencies.

Expenditures for promotion of science, research, libraries, and museums in 1962 are estimated to be \$251 million, which is \$48 million more than in 1961 and over three times the amount 5 years earlier.

In addition to these figures, there are large amounts of expenditures for research and development included in other functional categories.

New scientific knowledge which stems from basic research is indispensable to the technological progress of modern industrialized society. Expenditures of \$119 million are estimated for general purpose basic research grants by the National Science Foundation, chiefly for research projects and facilities, including the support of national research centers and the improvement of graduate school laboratories. This represents an increase of \$29 million over 1961 and a sevenfold expansion in these activities in 5 years. Many other agencies are engaged in the support and conduct of basic research where it is recognized that such fundamental research is important and desirable in the attainment of their objectives.

Increased funds are included in the budget for the National Bureau of Standards, particularly for the completion of the major laboratories and service buildings at its new Gaithersburg, Md., site. Expansion is also provided in the regular scientific program of the Bureau, including initiation of a program for research projects abroad financed with foreign currencies which the Government holds in excess of its normal needs.

Certain scientific areas of broad national interest have been given special attention in recent years by the Federal Council for Science and Technology. These include long-range programs for oceanography, high-energy physics, and the atmospheric sciences, which will be further expanded under this budget. Part of the financing of these activities is included in other functional categories.

The scientific program for the Antarctic is developed, financed, and managed by the National Science Foundation with logistic support from the Department of Defense. Under this program the United States is cooperating with many other nations in the peaceful development of the Antarctic.

Government statistical services.—An estimated \$56 million in obligations is provided throughout the budget for gathering, processing, and disseminating the statistical information which is used by Government, private institutions, and individuals in policy formulation and decision making. Increases in 1962 for collecting the regular recurring statistics are more than offset by the decrease from the funds required in 1961 for the Eighteenth Decennial Census.

Further improvement is planned in the scope and reliability of statistical data on current economic and social conditions. These include information on retail and service trade, foreign trade, manufacturing, construction, crop and livestock production, prices, manpower utilization, characteristics of the unemployed labor force, health and medical care, vital statistics, and education. Provision

is also made for completion of the processing and publication of the results of the 1960 decennial census, for taking the 1962 Census of Governments, for planning the 1963 economic censuses, and for continuing a substantial portion of the work, begun over a year ago, looking toward a major revision of the Consumer Price Index.

Labor and manpower.—The manpower programs of the Department of Labor and other labor agencies help maintain an efficient labor market and a healthy national climate in labor-management relations.

Employment security.—Of particular importance are the job placement services and unemployment compensation payments made through the State employment security offices. In addition to general job placement services, farm people are assisted in finding industrial work and workers in depressed areas are helped in finding jobs in other areas.

Last year the administration proposed, and the Congress enacted, amendments to the Social Security Act that placed Federal receipts and expenditures for the employment security program on a trust fund basis starting July 1, 1960. This is the same arrangement that is used for other social insurance programs. Expenditures for this program are now expected to exceed the 1961 tax receipts, and the Treasury, as authorized by present law, will advance to the trust fund the additional \$36 million needed in 1961. This advance will be repaid with interest in 1962 from the excess of receipts which will come from the increased Federal unemployment tax rate taking effect on January 1, 1961, from 0.3% to 0.4% of covered payrolls.

Based on the level of claims for unemployment compensation, this budget estimates \$41 million more than enacted to date for the limitation on 1961 grants to States for administering unemployment insurance and employment services. Together with the \$326 million already enacted, this brings the estimated 1961 requirement to \$366 million, which is in excess of the \$350 million annual ceiling established by the Social Security Act Amendments of 1960. In view of the number of workers now filing claims for unemployment compensation, it is necessary to ask the Congress to remove this ceiling so that adequate funds can be provided to pay claims promptly.

Last year, coverage of unemployment compensation was extended to about 60,000 additional workers, but further legislation is still needed to extend unemployment compensation to some 3 million workers, most of whom are employed in small businesses employing fewer than 4 workers each. Such action, together with action by States to increase the amount and duration of unemployment compensation benefits, would provide more adequately against economic hardship for the Nation's work force. This program has proved to

be one of the most successful means for combining the interest of the economy as a whole with the interest of the individual worker.

Other labor programs.—In the last several years the operating programs of the Department of Labor have been strengthened by additional funds and new legislation. The 1962 budget provides an increase of \$4 million in appropriations to strengthen further such activities of the Department as the enforcement of the Labor-Management Reports Act and the statistical and research programs of the Bureau of Labor Statistics.

Last year the Secretary of Labor endorsed expanded coverage and a moderate adjustment in the level of the minimum wage under the Fair Labor Standards Act. This recommendation is repeated. Legislation should also be enacted to make the Welfare and Pension Plan Disclosure Act more effective. Legislation is again proposed to assure equal pay for equal work and to improve the laws relating to hours of work and overtime pay on Federal construction projects.

Health.—Americans enjoy a high standard of health service. About three-quarters of the more than \$25 billion devoted annually to health services and facilities in this country is being spent through private channels. However, State and local as well as Federal agencies also play an important role.

Promotion of public health.—The Federal Government's contribution toward improved health care for the American people has been increasing rapidly in recent years. Expenditures for the promotion of public health in 1962 are estimated at \$1.1 billion, more than twice the amount spent only 5 years earlier. Total Federal expenditures for all health programs in the various categories of this budget (including military and veterans hospitals) are about \$4 billion.

In 1962, expenditures by the National Institutes of Health for medical research and training will represent about half the total spent for promotion of public health. The programs of the National Institutes will have multiplied more than threefold from 1957 to 1962.

The budget for 1962 recommends appropriations of \$540 million for the National Institutes, compared to the \$560 million enacted by the Congress for 1961. While this is \$20 million less than the 1961 appropriation, it actually represents a substantial program increase for medical research and training. The reduction results from the elimination in 1962 of nonrecurring projects and from the transfer of programs to other parts of the Public Health Service which were included in the total for the National Institutes of Health for 1961. These decreases more than offset increases for new research activities. Expenditures by the Institutes will rise by an estimated \$76 million in 1962.

Appropriations of \$153 million for hospitals, mainly construction grants, are recommended for 1962. Although this is less than the level of appropriations for 1961, it will not result in a decrease in federally assisted hospital construction. On the contrary, it is anticipated that expenditures in 1962 for this program will be at an alltime high because of the prior authorizations and the volume of construction which has been initiated but not yet completed. The appropriation recommended for 1962 will permit initiation of new projects for general hospital beds, which, together with construction not federally assisted, will be sufficient to provide for growth in population, cover current obsolescence, and reduce the backlog by over 5,000 beds. The 1962 appropriation will also permit starting the same volume of new projects for specialized facilities for long-term care as is provided for in the appropriation for the current year. In recognition of the need for medical care facilities and the continuing rise in the cost of hospital services, new legislation is proposed to encourage coordinated community and regional planning of hospital facilities, to augment research on design and operation of hospitals, and to permit use of grants for high priority modernization projects.

Federal grants for construction of health research facilities in the last 5 years have materially helped expand our Nation's medical research capacity. This budget continues appropriations for this purpose at the full authorization of \$30 million.

One of our greatest national health needs is the expansion of existing schools and establishment of new schools to train doctors and dentists. The shortage of physicians, already a critical factor in the rising cost of medical care, will become increasingly acute as the population and the demand for medical services increase. The Congress should at an early date enact legislation to authorize \$100 million of matching grants over a 5-year period to stimulate construction of additional medical and dental school facilities.

Legislation should also be enacted to authorize a loan guarantee program to facilitate the construction of clinics for the group practice of medicine and dentistry. The sharing of such clinics by groups of physicians and dentists is economical in terms of reducing capital expenditures for such purposes and leads to more complete care for the patient by enabling the practitioners to combine their diverse skills.

In our urbanized and industrial society, environmental and community health is assuming increasing importance. Appropriations of \$104 million for 1962 are proposed for Public Health Service activities in these fields. Increased funds are provided to augment the research and operating arms of the Public Health Service in the fields of air pollution, water pollution, community sanitation, and radiological health control activities. Larger amounts are also proposed for

community health service activities to make the benefits of improved medical knowledge more widely and quickly available. Legislation is again recommended to authorize greater Federal leadership in combating air pollution.

The budget also includes an appropriation of \$50 million for construction of waste treatment works, the full amount authorized for this program. These funds will help stimulate local action to correct immediate pollution problems. The control of water pollution is principally a local responsibility and requires greater financial and enforcement efforts by local interests. The Federal Government can most appropriately assist State and local governments through legislation (1) to strengthen its enforcement powers under the Federal Water Pollution Control Act and (2) to provide flexibility assuring that highest priority is given to waste treatment construction grants for projects which contribute to the reduction of pollution of interstate and coastal streams. Legislation to accomplish these and related objectives should be enacted by the Congress.

Of daily importance to each of us is the work of the Food and Drug Administration in establishing and enforcing standards of safety for food and drugs. The 1962 budget continues a long-standing policy of strengthening this agency, which in 1962 will spend three times as much as it did 5 years earlier.

Legislation should be enacted to transfer Freedmen's Hospital to Howard University and to provide for construction of a new teaching hospital. Such legislation would give essential support to Howard University's program of medical education and end the divided responsibility and control now existing.

Social insurance and other welfare.—Since the Social Security Act first became law in 1935, the United States has made great strides in its public income maintenance programs, both under the social security system and other public retirement systems. Today 93% of our workers are protected under the basic old-age, survivors, and disability insurance program or under other Federal or State-local retirement systems. To assist the unemployed we also have the Federal-State unemployment insurance system, and the Federal Government further provides or helps finance assistance to needy groups through other programs.

In 10 years the benefit payments made because of loss of income due to old age, death, disability, or unemployment under Federal, State, and local programs have trebled, rising in the calendar year 1960 to approximately \$26 billion, of which about \$24 billion was paid from federally administered or federally aided programs. Benefits were paid during the calendar year 1960 to an average of more than

20 million families or single persons. The cost of these benefits, 6% of our national income, is funded from employee and employer contributions and taxes. Benefit payments and taxes under laws already in effect will increase greatly over the years.

Social insurance.—The Federal old-age, survivors, and disability insurance system now covers 9 out of 10 American workers and their families. In fiscal year 1962 it will pay \$12.9 billion in benefits to an average of 16.5 million people of all ages, including 12 million persons aged 65 and over. Coverage should be extended to Federal civilian employees and self-employed physicians, the largest groups of regularly employed persons in our economy not now covered by this system.

Benefit payments and administrative costs are paid from trust funds supported by payroll taxes shared equally by workers and employers and from contributions of the self-employed. The combined employer-employee rate is now 6% of covered payrolls. Under present law it will rise by steps to 9% in calendar year 1969. Expenditures for the administration of this vast insurance system will be increased in fiscal year 1962 to cope with the increased workloads resulting from extension of disability protection to workers below age 50 and from other amendments enacted by the last Congress.

Public assistance.—Total Federal expenditures for public assistance and medical aid in 1962 under existing law are estimated to increase by \$128 million over 1961, largely reflecting the cost of the newly enacted medical assistance program for the aged. In 1962, the Federal share of payments for an average of 6.3 million recipients is estimated to be \$2.3 billion, which is 58% of the total. Caseloads for old-age assistance and aid to the blind are declining moderately, while caseloads for aid to dependent children and aid to the permanently and totally disabled are increasing.

Medical care for the aged.—In recent years, the American people have greatly improved their ability to obtain and pay for medical care through private and nonprofit health organizations. This approach has produced excellent results and should be preserved.

However, some aged persons are finding it increasingly difficult to pay for the medical services which they require. Medical and institutional care for the aged financed by public funds (Federal, State, and local) is currently estimated to cost over \$1 billion annually. The last Congress authorized substantial expansion in Federal assistance for medical care of the aged through (1) increased Federal participation under the regular old-age assistance program and (2) a new program of medical assistance for the aged who are not recipients of public assistance but who nevertheless require aid to pay their medical and hospital bills.

In the 1962 budget, \$400 million is included in the amount shown for public assistance for the old and the new programs of medical care for the aged. There will be a substantial increase in these expenditures in future years under existing law as additional States participate in these programs.

Extension of medical care assistance to the aged through a voluntary program under Federal-State-local auspices—as authorized by the Congress—is sound national policy both from a fiscal standpoint and from the standpoint of encouraging the widest participation of private as well as public agencies in the improvement of medical care for this group. However, under the program approved by the Congress many of the aged will still not be able to obtain needed protection against catastrophic hospital and medical expenses even though under ordinary circumstances they are able to pay their normal medical bills. The Congress is therefore urged to broaden the existing program in keeping with the recommendations which were made by this administration last spring. This would further increase the number who receive assistance.

Public action in providing assistance for medical care and the sharply rising costs of hospital and medical care underline the need for more adequate information regarding medical costs and the best methods of organizing to meet them. This budget provides for augmented research in medical economics under the Department of Health, Education, and Welfare. Likewise, it expands the related program of research and demonstration projects on causes of dependency for which appropriations were first authorized last year.

Military service credits.—Both the Railroad Retirement Act and the Social Security Act provide that military service during certain periods of military conflict should be counted toward the rights of employees in determining benefits even though the employee made no contribution during this period. As has been previously indicated, it is appropriate for the Federal Government to reimburse the trust funds for the cost of benefits paid on the basis of such military service credits. But it is not sound policy for the Government to pay more than the true cost of such benefits or to pay both the railroad retirement and old-age and survivors and disability insurance trust funds for the same military service credits, as the present law requires.

Under statutes now in effect the Federal Government has paid the railroad retirement account an estimated \$400 million more than the estimated cost of military service benefits. At the same time the Federal Government is obliged to reimburse the old-age and survivors and disability insurance trust funds for an estimated \$450 million for military service benefits. The Congress is again urged to enact legislation to recover the overpayments to the railroad retirement account

and to transfer them to the social security trust funds to cover the Government liability. Pending action on such legislation, no appropriations are included in this budget for military service payments to these trust funds.

Other welfare services.—Between 1950 and 1960, the number of disabled people rehabilitated annually through the Federal-State rehabilitation program increased by 48%, to 88,000. The budget for 1962 includes enlarged appropriations of \$97 million for this program, mostly for grants to State agencies for the rehabilitation of an estimated 103,000 persons.

The authorization for the special milk program, financed by the Commodity Credit Corporation, expires June 30, 1961. Appropriations are recommended in this budget to reimburse the Corporation for costs of the 1960 and 1961 operations. This program was originally established as a temporary measure to aid the dairy industry. An evaluation presently under way in the Department of Agriculture will provide a basis for determining the proper level of the program. Pending the results of this evaluation, an appropriation of \$95 million is included under proposed legislation to provide for a continuation of the special milk program in 1962 through a regular annual appropriation. Including this amount, grants to the States through the school lunch and special milk programs of the Department of Agriculture would be \$250 million in 1962.

Our society must continue to encourage all our citizens to achieve the maximum degree of self-realization and economic independence. There are two large groups which as a nation we have recognized must be given special attention—the 16 million aged persons and the 65 million children and young people under 18. A White House Conference on Children and Youth was held last spring. Widespread local and State preparations have been made also for this month's White House Conference on Aging. Such conferences can help State, local, and Federal agencies, as well as private organizations and individuals, to increase opportunities for the aged and for the youth of our land.

VETERANS SERVICES AND BENEFITS

Budget expenditures for veterans programs are estimated to total \$5.3 billion in 1962, which is \$69 million more than in 1961. Continued increases in pensions for non-service-connected disabilities and deaths and in costs of medical care are expected to be largely offset by a decrease in readjustment benefits for veterans of the Korean conflict.

Expenditures for pensions are estimated to increase in 1962 principally because World War I veterans and survivors of World War II

veterans will continue to be added to the pension rolls. These additions reflect both the number of World War I veterans reaching age 65 by 1962 who will be able to meet the eligibility standards, and the effect of the liberalizations provided in the Veterans' Pension Act of 1959.

The decline in the education and training assistance provided to veterans of the Korean conflict foreshadows the approaching end of this second historic venture in providing readjustment assistance for wartime service. Henceforth, the bulk of the veterans expenditures will be for pensions, compensation, and medical care benefits. Because of the growth in non-service-connected disability and survivor pension costs, veterans expenditures will continue to increase for many years under laws now in effect.

In the 6-year period 1957-62, annual pension, compensation, and medical care expenditures will have risen by over \$1 billion. This increase is in part the result of liberalizations in pension laws and improved standards of medical care. It also results from the advancing age of our veterans, which makes more of them or their survivors eligible for benefits. The trends are illustrated by the fact that from 1957 to 1962 there will be a net increase of 750,000, or about 20%, in disability and survivor cases on the rolls. Of the 22½ million living veterans, 1 out of every 7 will be receiving compensation or pension benefits at the end of 1962.

An increasing proportion of the total expenditures of the Veterans Administration is attributable to disabilities, diseases, or deaths not related to military service. Between 1957 and 1962, non-service-connected costs will increase by 70%, rising from less than one-third to nearly one-half of all budget expenditures for veterans services and benefits.

This trend raises serious questions about the further expansion of veterans programs, particularly since veterans, their dependents, and survivors of veterans total about 80 million people or over two-fifths of our total population. The improvement in recent years of general

Veterans Services and Benefits:

BUDGET TOTALS

	[In billions]		
	1960 actual	1961 estimate	1962 estimate
Expenditures.....	\$5.1	\$5.2	\$5.3
New obligational authority.....	5.2	5.4	5.0

LEGISLATIVE PROPOSALS

1. Discontinue special home loan guarantee program for World War II veterans.
2. Authorize vocational rehabilitation benefits for peacetime ex-servicemen with service-connected disabilities.

VETERANS SERVICES AND BENEFITS

[Fiscal years. In millions]

Program or agency	Budget expenditures			Recommended new obligational authority for 1962
	1960 actual	1961 estimate	1962 estimate	
Readjustment benefits:				
Education and training.....	\$383	\$233	\$128	\$72
Loan guarantee and other benefits.....	132	131	77	9
Unemployment compensation.....	5			
Compensation and pensions:				
Service-connected compensation.....	2,049	2,038	2,026	2,026
Non-service-connected pensions.....	1,263	1,512	1,717	1,487
Burial and other allowances.....	56	55	55	55
Hospitals and medical care.....	904	982	1,025	1,025
Hospital construction.....	57	63	66	75
Insurance and servicemen's indemnities.....	33	31	27	40
Other services and administration.....	179	182	174	174
Total.....	5,060	5,227	5,296	¹ 4,963

¹ Compares with new obligational authority of \$5,169 million enacted for 1960 and \$5,438 million (including \$58 million in anticipated supplemental appropriations) estimated for 1961.

welfare programs, for which veterans as well as others are eligible, coupled with the improvements in veterans programs, has reduced the justification for providing additional special benefits to veterans on the basis of non-service-connected factors. Any further expansion of non-service-connected benefits would create serious inequities of treatment between veterans and others in our population. I particularly oppose measures which would increase or make available non-service-connected pensions for veterans of World War I contrary to the principle of need incorporated in the Veterans' Pension Act of 1959.

Readjustment benefits.—Expenditures for readjustment assistance, estimated in 1962 at \$205 million, continue their decline from a post-Korean high mark of about \$900 million in 1957. The principal reduction is in the education and training program, in which the average number of Korean conflict veterans participating will be reduced to 85,000 in 1962, compared to 288,000 in 1960 and 170,000 in 1961.

The previous Congress extended until July 25, 1962, the home loan guarantee program as it applies to veterans of World War II. The direct loan program was similarly extended for both Korean conflict veterans and World War II veterans. It is clear that continuation of

direct loan assistance and of loan guarantee assistance is no longer required to help World War II veterans in their readjustment to civilian life 15 years after the end of that war.

Veterans, like other citizens, can and should participate in the regular housing programs when their special readjustment needs resulting from military service have passed. The loan guarantee program for World War II veterans should therefore be terminated as of July 25, 1961. Changes proposed in the veterans direct loan program have been described with other housing programs elsewhere in this message.

Legislation is again recommended to provide vocational rehabilitation for peacetime ex-servicemen having substantial service-connected disabilities. This would add to other benefits which the Federal Government provides peacetime ex-servicemen, such as unemployment compensation, employment service, and reemployment rights. On the other hand, there is no justification for the extension of special educational or housing benefits to peacetime ex-servicemen. Such benefits cannot be justified by conditions of military service and are inconsistent with the incentives which have been provided to make military service an attractive career for capable individuals.

Compensation and pensions.—Expenditures for service-connected death and disability compensation benefits continue a slow decline from their 1959 peak as compensation rolls are reduced by the deaths of veterans or their widows and by the transfer of many aging veterans to pension rolls. These decreases are offset in small part by the addition of veterans of the Korean conflict and of peacetime ex-servicemen or their survivors. Compensation will be paid to an average of 2,397,000 veterans and survivors of veterans in 1962 compared to 2,410,000 in 1961 and 2,428,000 in 1960.

The continued rise in expenditures for non-service-connected pensions, however, will more than offset the decline in compensation payments. Approximately half of all World War I veterans over 65 will be receiving pensions by the end of 1962, and the pension rolls will carry an average of nearly 2 million veterans and survivors in 1962. The Veterans' Pension Act of 1959 is expected to increase expenditures by adding over 100,000 new beneficiaries to the rolls at an estimated additional cost of \$77 million in 1961. These additional expenditures also reflect higher rates for many veterans on the rolls before July 1, 1960.

Hospitals and medical care.—The budget includes expenditures of approximately \$1 billion for hospital and medical care for eligible veterans in 1962, an increase of \$43 million over 1961. The increase

will permit continued improvement in the quality of medical care in the hospitals and clinics. The new 1,000-bed hospital at Brecksville, Ohio, is scheduled to be opened in 1962 and the new Palo Alto, Calif., hospital addition will be fully activated. Hospital and domiciliary care will be provided for an average of 141,500 beneficiaries per day in Veterans Administration, contract, and State facilities, and a total of 3,622,000 visits for medical services are expected to be made by veterans to outpatient clinics and to private physicians on a fee basis.

Hospital construction.—An appropriation of \$75 million is proposed for 1962, the same as for 1961, as the second step in carrying out a 12-year hospital modernization program of \$900 million initiated in 1961. Of the 1962 appropriation, \$26 million will be for construction of a 1,250-bed replacement hospital at Wood (Milwaukee), Wis., \$11 million will be for replacement of 500 beds at Charleston, S.C.; the remainder will be for planning a new 580-bed general hospital at Atlanta, Ga., planning the replacement of approximately 1,000 beds in the Los Angeles, Calif., area, and for a large number of modernization projects.

Administration.—The general operating expenses of the Veterans Administration (other than the direct costs of administration of medical, dental, and hospital services) in 1962 are expected to be \$162 million, slightly less than in 1961. Reductions in administrative costs are expected to accrue in future years from the program now under way to convert the recording and payment of veterans benefits to automatic data processing equipment.

INTEREST

Interest payments are estimated to decrease by \$400 million to \$8.6 billion in the fiscal year 1962. These payments are almost entirely for interest on the public debt and represent 11% of budget expenditures.

INTEREST

[Fiscal years. In millions]

Item	New obligational authority and budget expenditures		
	1960 actual	1961 estimate	1962 estimate
Interest on public debt.....	\$9,180	\$8,900	\$8,500
Interest on refunds of receipts.....	76	83	83
Interest on uninvested funds.....	10	10	10
Total.....	9,266	8,993	8,593

Market rates of interest have been decreasing from the levels prevailing last year. This makes it possible for the Treasury to pay, on the average, lower interest on securities issued to refinance maturing obligations. The reduction in the public debt during the year, facilitated by the surplus in the budget in 1960 as well as currently, is also helping to a lesser extent to reduce interest payments.

GENERAL GOVERNMENT

Expenditures for general government activities are estimated to rise by \$89 million to \$2.1 billion in the fiscal year 1962. The increase is primarily for more construction of Government buildings and for strengthening the tax collection system.

Central fiscal operations.—The 1962 budget includes an increase of \$36 million in new obligational authority to \$450 million for the

GENERAL GOVERNMENT

[Fiscal years. In millions]

Program or agency	Budget expenditures			Recommended new obligational authority for 1962
	1960 actual	1961 estimate	1962 estimate	
Legislative functions.....	\$109	\$137	\$130	\$100
Judicial functions.....	49	53	56	56
Executive direction and management.....	12	14	15	15
Central fiscal operations:				
Internal Revenue Service.....	360	412	446	450
Other.....	198	207	218	218
General property and records management.....	367	417	467	516
Central personnel management and employment costs:				
Department of Labor.....	190	212	216	216
Civil Service Commission:				
Present programs.....	21	74	95	95
Proposed legislation.....			—45	—45
Civilian weather services.....	54	57	66	70
Protective services and alien control.....	217	241	247	250
Territories and possessions, and the District of Columbia:				
District of Columbia.....	28	48	66	63
Other.....	63	75	81	75
Other general government.....	28	34	12	17
Total.....	1,695	1,982	2,071	¹ 2,096

¹ Compares with new obligational authority of \$1,664 million enacted for 1960 and \$2,073 million (including \$131 million in anticipated supplemental appropriations) estimated for 1961.

General Government:

BUDGET TOTALS

[In billions]

	1960 <i>actual</i>	1961 <i>estimate</i>	1962 <i>estimate</i>
Expenditures	\$1.7	\$2.0	\$2.1
New obligational authority . . .	1.7	2.1	2.1

LEGISLATIVE PROPOSALS

1. Authorize consolidated annual reporting of wages for income and social security tax purposes.
2. Charge civil service benefits for certain widows and retired employees to trust fund after 1961.
3. Revise laws regulating Government employment of retired military personnel.
4. Provide annuities for widows and dependent children of Tax Court judges.
5. Restore home rule to the District of Columbia.
6. Authorize nonvoting territorial deputies for Guam and the Virgin Islands.
7. Establish uniform policies governing (1) local taxes imposed on contractor use of Federal property and (2) payments in lieu of taxes.
8. Include goal of price stability in Employment Act.
9. Amend immigration and nationality laws.
10. Enact civil rights legislation.
11. Create additional Federal judgeships.
12. Reimburse citizens for certain World War II property damage.
13. Authorize civilian achievement awards.
14. Incorporate Alaska Railroad.

Internal Revenue Service. This will finance the second year's cost of a program to provide more effective enforcement of our tax laws and will thus reduce the revenue losses which arise from the failure of some individuals and businesses to report their incomes fully or accurately. Ultimately, all aspects of tax administration capable of being mechanized will be handled electronically. With the growth of the economy, tax returns are increasing in volume and necessarily become more complex. Installation of the new and modernized system for the processing of these returns will make possible the collection of taxes with lower expenditures than would otherwise be the case. Legislation should be enacted to authorize the adoption of tax account numbers which are needed for mechanical and electronic processing.

Legislation to authorize the consolidated reporting by employers of wages for income tax and social security purposes should also be enacted. Such legisla-

tion would produce considerable savings for both employers and the Government by reducing paperwork and would also help in enforcing the tax laws. Nearly 4 million employers could be relieved of the need to file for social security purposes 14 million separate quarterly wage reports each year covering over 230 million wage items. The

Treasury Department and the Department of Health, Education, and Welfare have already agreed on the cooperative steps to be taken for improved administration of the tax laws and the social security system once such legislation is enacted.

Presidential office space.—There is a pressing need for providing future Presidents with modern and efficient office facilities. My experience during the last 8 years strongly confirms the conclusion of the Advisory Commission on Presidential Office Space that present facilities “are outmoded, overcrowded, inefficient, and not consistent with effective and well coordinated management of the highest office of the executive branch of the Government.” The Commission recommended: (1) a new building to house only the White House office on the site of the existing Executive Office Building; (2) a new building for other units of the Executive Office; and (3) remodeling of the west wing of the White House for use as quarters for visiting dignitaries.

As a first step in carrying out these recommendations, the Congress should provide funds for constructing a new Executive Office Building on the west side of Lafayette Square, and this budget includes \$26 million of new obligational authority for this purpose. More than two decades ago, the Congress wisely provided new quarters for the Supreme Court of the United States. In recent years, major improvements and expansions have been made in the facilities necessary to carry on the increasingly complex and important duties of the legislative branch. The next logical step is to remedy the serious deficiencies in the office space of the Chief Executive of the United States. I strongly urge the Congress to give early attention to the needed building as well as to the other recommendations of the Commission.

General property and records management.—New obligational authority of \$516 million is requested for the general property and records management activities of the General Services Administration, predominantly for management of existing buildings, construction of new buildings, purchase and distribution of supplies, and custody of Government records. Of this total, \$212 million is for the construction of Federal office buildings, \$26 million more than enacted for 1961. Budget expenditures for new buildings will be \$169 million in 1962, nearly 50% above the 1961 level. This large increase results from an acceleration in construction initiated in 1959 to remedy some serious deficiencies of space which interfere with effective operations in many Federal agencies.

The expanded program of the General Services Administration for improving the utilization of excess Federal personal property is accomplishing significant results. Transfers of property in 1962 from agencies having an excess to those which can use it are expected to be

\$350 million valued at acquisition cost, compared to \$218 million in 1960.

As a part of an overall program for improving supply management, the responsibility for the procurement and distribution of subsistence items for the civilian agencies has been centralized in the Veterans Administration. Substantial progress has also been made toward centralizing in the Veterans Administration the procurement and distribution of medicines, drugs, and pharmaceuticals for the civilian agencies. Progress is also being made in transferring from the Department of Defense to the General Services Administration responsibility for managing the supplies of certain items which are used by civilian agencies as well as by the military services.

Central personnel management and employment costs.—Appropriations of \$147 million are recommended in 1962 for the Department of Labor to provide unemployment compensation for former Federal civilian employees and ex-servicemen. Another \$69 million will be required for workmen's compensation for present and past Federal employees. The new obligational authority recommended for the Civil Service Commission includes \$26 million to finance the Government's share of the new health benefits programs for retired Federal personnel. The remaining appropriations in this category are predominantly for administration of the civil service system.

A long-range policy should be established for financing the civil service retirement system, which covers over 90% of Federal civilian employment. Previous recommendations to accomplish this objective should be enacted. This legislation would assure continued availability in the fund of the full amount of the net accumulations from employee contributions and would establish a definite basis for meeting the Government's share of the costs consistent with the principle that its full faith and credit support the authorized benefits.

Under present law, an appropriation of \$45 million would be required for 1962 to finance the cost of civil service retirement benefits enacted in 1958 for certain retired employees and certain widows or widowers of former employees. Without this appropriation these benefits could not be continued. Legislation is again recommended to assure that in 1962 and later years such benefits are paid from the civil service retirement and disability fund on the same basis as other benefits, without specific annual appropriation.

A number of outmoded and inconsistent statutes now regulate the employment and compensation of retired military personnel in civilian positions with the Government. We should replace this legal maze with a single, rational statute which would eliminate unnecessary dual payments, adequately safeguard the civilian career service, and permit the Government to hire members of this group possessing needed skills under conditions that are fair to the individual.

Efforts must be continued to improve Federal job evaluation and other pay practices so as to make Federal pay, including that at the executive level, more comparable with private enterprise. This is essential to recruit and retain superior personnel for Federal programs, particularly in the middle and upper professional and managerial positions, and to overcome the severe competitive disadvantages with which the Federal Government must now contend in recruiting personnel.

To help attain this objective, the accuracy of comparisons of Federal salary rates with private business rates should be improved. Funds are recommended in this budget for the Department of Labor to continue its recently expanded surveys which provide annual reports on salaries currently paid in private business. In time the Federal Government should make full use of this information as a guide in fixing salaries for its own officers and employees.

Legislation should be enacted to provide a system of survivorship annuities for the widows and dependent children of judges of the Tax Court of the United States comparable to the system already in effect with respect to the other Federal courts.

Civilian weather services.—The successful launching of meteorological satellites has created vast possibilities for increasing our knowledge about the atmosphere and for improving daily weather services and forecasts. To realize some of this potential, an appropriation increase of \$9 million over 1961, to a total of \$70 million, is recommended for the Weather Bureau for 1962. This increase will provide for the establishment of processing facilities to permit the immediate use of worldwide cloud data received from satellites, as well as for increased research in applying this new source of information to improve understanding of atmospheric motion. The budget also continues the efforts of the past several years to transfer to Weather Bureau appropriations the financing of certain meteorological activities of other Federal agencies which are national in scope and serve both civilian and military needs.

Territories, possessions, and District of Columbia.—The expenditures required to meet the Federal share of the financing of governmental operations in the District of Columbia will increase substantially in 1962, primarily because of loans authorized in prior years to meet capital requirements of the area, including a metropolitan sewage system to connect with the Dulles International Airport.

A constitutional amendment to permit residents of the District to vote for President and Vice President is now before the States for ratification. The States should act promptly on this amendment.

Another basic step, recommended on many past occasions, would be the restoration of home rule for the 764,000 District of Columbia residents. I repeat my recommendation in this respect. Such local self-government is essential not only to carry out our democratic principles but also to remove excessive and unnecessary responsibilities from the Federal Government.

To promote the further development of democratic institutions, and in keeping with the growth of local self-government, the Congress should authorize representation of the Virgin Islands and Guam in the Congress through nonvoting territorial deputies.

Intergovernmental relations.—Federal financial assistance to State and local governments plays a large role in financing their operations. In 1962 such aid, including budget and trust funds, will amount to \$7.9 billion and account for a substantial portion of total annual State and local revenues. Continuous attention must be given to Federal-State-local fiscal interrelationships so that they reflect the proper distribution of responsibilities. The Advisory Commission on Intergovernmental Relations established in 1959 can make an important contribution through its work in reexamining intergovernmental relations and fiscal problems.

In this field, a uniform Federal policy is needed (1) defining immunity from local taxation on the use or possession of Federal property in the custody of contractors and lessees, and (2) governing payments in lieu of taxes made by the Government to localities on certain real properties. Legislation on these matters should be enacted in accordance with the recommendations made by the administration in the last session of the Congress, which call for partial restoration of immunity from taxation of Federal property in the hands of contractors or lessees and authorization of a system of payments in lieu of taxation on certain real properties in cases of local hardship.

Other recommendations.—It is again recommended that the Employment Act of 1946 be amended to make reasonable price stability an explicit goal of Federal economic policy, coordinate with the goals of maximum production, employment, and purchasing power now specified in that Act.

In support of our position of world leadership, legislation is again recommended to liberalize and modernize our immigration laws. The quota system should be brought up to date by revising the methods of determining, distributing, and transferring quotas, and the total number of immigrants admitted under quotas should be doubled. A permanent program for admission of refugees should also replace the inadequate and piecemeal legislation now in effect.

The enactment of the Civil Rights Acts of 1957 and 1960, the activities of the Department of Justice in enforcing these statutes, and the contribution of the Civil Rights Commission in identifying basic problems and legislative action required, represent significant progress in the field of civil rights. To permit the Commission to explore more thoroughly the necessity for further legislation in this field, its life should be extended for another 2 years. As part of an effort to extend civil rights in education to all our citizens, the Congress should enact legislation to assist State and local agencies to meet costs of special professional services needed in carrying out public school desegregation programs. Also, legislation should be enacted to establish a Commission on Equal Job Opportunity to make permanent and expand, with legislative backing, the important work of the President's Committee on Government Contracts.

The seriously congested conditions in the courts require that the Congress give early consideration to the creation of additional Federal judgeships as proposed by the Judicial Conference.

It is important that the Congress enact legislation, such as that passed by the House of Representatives last year, to reimburse Americans for certain World War II property damage.

A system of awards to recognize outstanding civilian achievements should also be established, as previously recommended.

Legislation should be enacted to incorporate the Alaska Railroad to place its operations on the same basis as other Federal activities of this type.

Last spring, legislation was introduced in the Congress to enlarge and change the boundaries of the site for the National Cultural Center in accordance with the design for the structure contemplated as a national center for the performing arts on the banks of the Potomac. It is important that such legislation be enacted as early as possible so that the fund-raising activities of the Center's Board of Trustees may be energetically continued.

I have repeatedly urged construction of a freedom monument symbolizing the ideals of our democracy as embodied in the freedoms of speech, religion, press, assembly, and petition. I still believe such a living, ever-building monument would be fitting.

IMPROVEMENTS IN BUDGETING

The budget process is a means of establishing Government policies, improving the management of Government operations, and planning and conducting the Government's fiscal role in the life of the Nation. Whether that role is increasing, decreasing, or remaining unchanged,

Budget Improvement:

LEGISLATIVE PROPOSALS

1. Establish revolving funds for major business-type activities.
2. Extend budget provisions of the Government Corporation Control Act to certain mixed-ownership corporations.
3. Review and reduce number of permanent appropriations.
4. Repeal requirements for reservations of foreign currencies, and require accounting for their use in the same way as dollar transactions.
5. Eliminate requirements for annual authorizations for continuing programs.
6. Authorize the item veto for appropriation bills.

the budget process is perhaps our most significant device for planning, controlling, and coordinating our programs and policies as well as our finances. Thus, the President and the Congress will always need to give attention to the improvement and full utilization of the budget system.

Improvements in presentation.—The budget totals in this document reflect a technical accounting adjustment which affects budget expenditures and budget receipts equally,

and does not affect the budget surplus for any year. This is the exclusion from the totals of expenditures and receipts, for all years shown in this document, of certain interfund transactions, mainly interest payments to the general fund of the Treasury by wholly owned Government enterprises which have borrowed from the Treasury. The amounts involved continue to be included in the figures for each function and for each agency, but are deducted in one sum to reach expenditure totals. Similarly, they continue to be included as miscellaneous budget receipts of the Treasury, but are deducted to arrive at the total of budget receipts. Since the beginning of the present fiscal year, various statements and reports on Government financial operations have been eliminating these interfund payments from budget totals.

Steady progress is being made in applying the principles of performance budgeting. In this budget, the appropriation pattern or activity classifications of several agencies and bureaus have been improved and greater use is being made of program and workload measurement data. Cost-type budgets, which present the most adequate measure of financial performance, are used for more than 80 appropriation accounts for the first time. With these additions, about two-thirds of the appropriation accounts are now presented on a cost-type basis.

Funding arrangements.—Recommendations placed before the Congress in this budget are again based upon the principle that authority

to incur budget obligations and make expenditures should be granted in appropriation acts, rather than in substantive legislation handled outside the regular appropriation process. Of course, the budget totals include—as they have for many years—all of the new obligational authority actually granted each year and the subsequent spending, no matter what the method by which provided. The Congress ought to pass upon all new obligational authority in a regular systematic way as part of the appropriation process. We must never be led into thinking that special funding arrangements, which are a claim against budget receipts or borrowing, are somehow not a part of the budget or not a cost to the taxpayers.

From time to time, the Congress has enacted legislation and appropriations under which additional sums become available for obligation and expenditure annually without further congressional action. These are so-called permanent appropriations. In a few cases, such as interest on the public debt, permanent obligational authority may be desirable. In many other cases, however, permanent appropriations give unnecessary preferential treatment. A complete congressional review is needed of all such provisions of permanent authority, including those to use borrowed money, to enter into contracts ahead of appropriations, and to use collections to supplement appropriations. Those provisions which cannot be fully justified at this time should be repealed.

It is again recommended that major business-type activities of the Government be placed on a revolving fund basis, through which receipts can be used to meet obligations and expenditures, subject to annual review and control by the Congress. Such a system, which is presently applied successfully to all of the Government-owned corporations and many unincorporated Government enterprises, provides a clear display of the business-type nature of these activities, their income or loss from current operations, and the extent to which they are adding to or using up the Government's capital assets. In accordance with legislation enacted in response to a previous recommendation, the loan guarantee program of the Veterans Administration is thus presented in this budget. Legislation should be enacted to provide revolving funds for the Farmers Home Administration, the Bureau of Reclamation, and the power marketing agencies of the Department of the Interior.

A few mixed-ownership Government corporations having authority to draw money from the Treasury or to commit the Treasury for future expenditures are presently outside the Government's budget system. This is largely because of the unrealistic and inconsistent distinction the law now makes between wholly owned and mixed-ownership Government corporations, even though both may affect the Government's finances. All Government corporations with such authority,

namely, the Federal Deposit Insurance Corporation, the banks for cooperatives, and the Federal intermediate credit banks, should be brought within the flexible budget provisions of the Government Corporation Control Act, and thus within the normal budgetary and reporting structure of the Government.

The extensive recommendations made a year ago for the control of foreign currencies generally were adopted by the Congress, and this action has proved helpful in obtaining more adequate budget control of these resources. However, there still remain various special provisions of law, requiring reservations of currencies for certain programs, that hinder the Government in making the wisest use of the foreign currencies coming into its hands. They should be repealed. Expenditures of all foreign currencies owned by the Government and used for its activities should be controlled through the annual budget process and should be accounted for in the same way as dollar expenditures.

The budget process in the Congress.—Although the President presents one budget for the entire Government to the Congress each year, the Congress considers the budget in a multitude of pieces rather than as a whole. The financing methods outside the regular appropriation process, already mentioned, are but one phase of this problem. Another is the tendency to require a double budget process each year for certain agencies—requiring them, first, to seek legislation to authorize appropriations annually and, second, to seek their appropriations. The subcommittee arrangement and time schedule for processing appropriation requests further fragments the budget process. The complete separation of the handling of tax legislation from the consideration of appropriations and expenditures adds to the total problem.

The Congress should therefore provide a mechanism by which total receipts and total appropriations (and expenditures) can regularly be considered in relation to each other. Further, substantive legislation with respect to all continuing programs should be written so that new legislation is not required each year, thus permitting the budget and appropriation process to proceed in an orderly manner.

In accordance with recommendations of the second Hoover Commission, legislation was enacted in 1958 authorizing the Congress to establish limitations on accrued expenditures as a means of enabling more direct control over spending. Limitations were proposed for selected accounts in the last two budgets, but were rejected by the Congress without exception. Therefore, and since the law providing for accrued expenditure limitations expires in April 1962, no such limitations are proposed in this budget.

Provision of item veto.—Future Presidents should have the authority to veto items of appropriation measures without the necessity of disapproving an entire appropriation bill. Many Presidents have recommended that this authority be given to our Chief Executive, and more than 80% of the States have given it to their Governors. It is a necessary procedure for strengthening fiscal responsibility. As in the case of other vetoes, the Congress should have the authority to override an item veto.

In my first budget message to the Congress, I described the philosophy of this administration in the following words:

By using necessity—rather than mere desirability—as the test for our expenditures, we will reduce the share of the national income which is spent by the Government. We are convinced that more progress and sounder progress will be made over the years as the largest possible share of our national income is left with individual citizens to make their own countless decisions as to what they will spend, what they will buy, and what they will save and invest. Government must play a vital role in maintaining economic growth and stability. But I believe that our development, since the early days of the Republic, has been based on the fact that we left a great share of our national income to be used by a provident people with a will to venture. Their actions have stimulated the American genius for creative initiative and thus multiplied our productivity.

This philosophy is as appropriate today as it was in 1954. And it should continue to guide us in the future.

Over the past 8 years, we have sought to keep the role of the Federal Government within its proper sphere, resisting the ever-present pressures to initiate or expand activities which could be more appropriately carried out by others. At the same time, the record of this administration has been one of action to help meet the urgent and real needs of a growing population and a changing economy. For example, Federal expenditures between 1953 and 1961 for aids to education have more than doubled; outlays for public health have more than tripled; civil aviation expenditures have more than quadrupled; highway expenditures are five times the 1953 level; and urban renewal expenditures are more than seven times as great.

The major increases in spending which have taken place have not been devoted to the tools of war and destruction. A military posture of great effectiveness and strong retaliatory capability has been maintained without increasing defense expenditures above 1953, despite

rising costs. We have, fortunately, been able to direct more of our public resources toward the improvement of living conditions and the enlargement of opportunities for the future growth and development of the Nation.

By applying the test of necessity rather than desirability to the expenditures of government, we have made significant progress in both public and private affairs during the past 8 years. And it is significant that requirements have been met while holding budget expenditures to a lesser proportion of the national income than in 1953.

The 1962 budget has been designed to promote further advancement for all of our people on a sound and secure basis. In that spirit, I commend it to the consideration of the next administration and the Congress.

DWIGHT D. EISENHOWER.

JANUARY 16, 1961.

INTRODUCTION TO PART I

Part I of the budget contains five summary tables. Each of these tables is designed to bring together in one or two pages some overall aspect of the Federal budget.

TYPES OF FUNDS

A basic distinction is made between Federal funds on the one hand, and trust and deposit funds on the other.

The *Federal* (Government-owned) funds are of four types as follows:

The *general* fund is credited with receipts which are not earmarked by law for a specific purpose, and is charged with expenditures that are payable from appropriations (except appropriations of earmarked receipts) and those payable from borrowing. Both in number of items and in amounts, most of the Government's business is transacted through the general fund.

Special funds are those which are established to account for receipts that are earmarked by law for a specific purpose. They exclude the funds which carry on a cycle of operations for which there is continuing authority to use the receipts (as described in the next paragraph). Some special funds are subject to annual appropriation by Congress. Others are automatically available under the laws which created the funds.

Public enterprise (revolving) funds are those which finance a cycle of operations, in which the expenditures generate receipts coming primarily from the public and available for continuing use. They include nearly all of the Government-owned corporations, the postal fund, and various unincorporated enterprises.

Intragovernmental revolving and management funds (including *consolidated working* funds) are those which are created to facilitate financing operations within and between Government agencies. They consist of two types—*intragovernmental revolving* funds which finance a cycle of operations, like public enterprise funds but with receipts primarily from within the Government; and *management* funds which permit the pooling of advance payments from two or more appropriations to carry out certain activities.

The other funds, for which the Government serves in a fiduciary capacity, are of two types—*trust* funds and *deposit* funds. They are explained in the introduction to part III.

BUDGET RECEIPTS, EXPENDITURES, AND SURPLUS OR DEFICIT

The budget totals and the budget surplus or deficit relate only to the Federal funds, and exclude trust and deposit funds. Tables 1, 2, and 3 are therefore limited to transactions of the Federal funds.

Basis of stating budget receipts.—Table 1 includes a summary of budget receipts. Budget receipts represent the total received for the general fund and the special funds, less (a) refunds of receipts and (b) transfers to trust fund receipts in the five cases where the law provides an indefinite appropriation to a trust fund in an amount equal to certain tax receipts. Gross receipts and the deductions are itemized in special analysis B of part IV.

Internal revenue and customs receipts are stated on the basis of collections received by collecting officers and placed

under accounting control. Other receipts are reported on the basis of confirmed deposits.

Basis of stating budget expenditures.—Tables 1 and 2 include information on budget expenditures. Such expenditures cover the general fund, the special funds, the public enterprise funds, and the intragovernmental revolving and management funds. Expenditures for the public enterprise funds and for the intragovernmental funds are included in the totals on a *net* basis—that is, their collections are deducted from gross expenditures and the results are the net expenditures. Interagency payments and reimbursements to appropriations are also netted; that is, to avoid double counting they are treated only as expenditures of the agency whose appropriation or fund is ultimately bearing the charge. Some incidental reimbursements from outside the Government to appropriations are similarly netted out of expenditure figures.

Under the *checks-issued* basis which is used, expenditures are reported for the fiscal year in which the checks are issued, regardless of when the obligation was incurred or when the goods and services were received. Modifications in this basis are made as follows: (a) Where payment is made in cash instead of by check, the cash payment is an expenditure; (b) where payment is made by the issuance of debt or by an increase in its redemption value, instead of by the issuance of checks, such an issuance or increase is an expenditure; and (c) interest on the public debt, other than increases in the redemption values of savings bonds, is reported on an accrual basis.

Debt and investment transactions.—Receipts never include money obtained from borrowing by any type of Federal fund. Nor are borrowings considered as a deduction in arriving at budget expenditures. Similarly, retirement of debt is always excluded from budget expenditure figures of all types of Federal funds. The purchase of U.S. Government securities, and redemptions or sales thereof, are also excluded from expenditure and receipt figures.

Nonexpenditure transfers.—Transfers to the general fund of earnings and dividends on capital of revolving funds are treated as nonexpenditure transactions of the revolving funds and do not affect budget receipts, just as the investment of general fund capital in a revolving fund does not affect either expenditures or receipts. None of these transactions involves any expense. Dividends and capital returns are called "capital transfers" and are reported in special analysis F of part IV.

Deductions from both receipts and expenditures.—Certain expenses of revolving funds require payments from such funds to the general fund; for example, interest on borrowings. The amounts of such payments are included in the expenditures for the funds concerned and in the receipts of the general fund. The amounts are deducted as a lump sum in arriving at total budget receipts and total budget expenditures for the Government. Details are reported in special analysis F of part IV.

Budget surplus or deficit.—The budget surplus or deficit shown in table 1 represents the difference between the *budget receipts* and *budget expenditures* of a given year. Cash balances, appropriation balances, and surpluses and deficits of previous years are not a part of the calculation.

NEW OBLIGATIONAL AUTHORITY

Table 3 summarizes the new obligatory authority—the total of authority becoming available in a given fiscal year for entering into new obligations.

The obligation basis.—Expenditures can be made only pursuant to appropriations or other specific authority granted by Congress. Government agencies are generally permitted by law to incur obligations requiring the future payment of money only when they have an appropriation or other specific authority to do so. Congressional action on the budget must therefore include authority to cover *obligations* expected to be incurred within the fiscal year, rather than to cover only the *expenditures* which are expected to be made during that year in payment of obligations.

Types of new obligatory authority.—There are three basic types of new obligatory authority: Appropriations, contract authorizations, and authorizations to expend from debt receipts. In addition, there are sometimes reappropriations and reauthorizations.

Appropriations are authorizations to make expenditures from the general fund of the Treasury or from the various special funds. In some cases the authority to incur obligations has previously been granted in the form of contract authorizations; in such cases, the appropriation to permit the payment of such obligations is said to be to *liquidate contract authorizations* and it is not a part of new obligatory authority. In all other cases appropriations confer authority both to incur new obligations and to pay for them.

Contract authorizations are authorizations to incur obligations prior to the enactment of an appropriation. A contract authorization does not in itself permit the spending of money; hence it must be followed by an appropriation to permit payment of the contracts and other obligations thus incurred.

Authorizations to expend from debt receipts are authorizations to incur obligations and make expenditures from borrowed money. Such authorizations may take these forms: (a) Authorizations for the Treasury to make public debt receipts available to a given agency or enterprise, often in exchange for notes of the enterprise; (b) authorizations for a Government-owned corporation to borrow directly from the public; and (c) cancellation of notes which have been issued by a Government enterprise and are held by the Treasury, where the cancellation has the effect of permitting further expenditures to be made (through restoring previously used authority to borrow from the Treasury).

Reappropriations and *reauthorizations* are actions to continue available part or all of the unused balances of prior appropriations or authorizations which would otherwise expire. When the authorizations thus continued had been previously granted for current operations of the year, the continuation of their availability into a new year constitutes new obligatory authority.

Distinction between permanent and current authorizations.—Some new obligatory authority is *permanent*, but most is *current*. The permanent items are those under which additional sums become available from time to time under action previously taken by the Congress; no further action is required each year. Most permanent authorizations are in force until repealed; a few are in effect for only a few years as specified in the law. The current authorizations are those enacted by Congress in or immediately preceding each fiscal year.

PROPOSED FOR LATER TRANSMISSION

Tables 1, 2, and 3 identify in separate columns the portion of receipts, new obligatory authority, and expenditures which are anticipated under supplemental budget items, not provided for in the appropriation text in this budget, but planned for formal transmittal to the Congress later. Such estimates include, in addition to the various items which are identified in part II, an "allowance for contingencies" to cover items which cannot be foreseen now but which may be transmitted later if the need arises. Congressional action upon this allowance may be requested later, not at a single time nor as a single lump-sum item, but in the form of a number of specific appropriations for individual items.

As a general rule, where legislation is proposed to extend or renew the authorization for current programs, this budget includes, in part II, recommendations for the necessary new obligatory authority in the form of detailed estimates ready for congressional consideration when action on the authorizing legislation will allow.

EFFECT ON THE DEBT

Table 4 gives details regarding the effect of each year's operations upon the public debt. The budget surplus or deficit is not the only factor which causes a change in the public debt. The amount necessary to borrow or available to repay is also influenced by: Changes in cash balances; the result of trust fund transactions; the use of borrowing directly from the public (not Treasury borrowing) as a means of financing budget expenditures of certain enterprises (and the repayments of such borrowing as an application of public enterprise fund receipts); and the change in the amount of checks outstanding and other items in process of clearance through the accounts.

CONSOLIDATED STATEMENT

Table 5 brings together the total financial plan for the Government—the budget figures for Federal funds and the estimates for trust and deposit funds—for 1962; and it presents a consolidated statement of receipts from and payments to the public. The statement not only eliminates interfund payments, but also brings in transactions of certain Government-sponsored enterprises which are not otherwise reflected in the budget, converts to a cash basis those expenditures which are made in the form of debt issuances (or increases in the redemption value of debt), and eliminates noncash receipts resulting from seigniorage. Details and further explanations are given in special analysis A of part IV.

CLASSIFICATIONS

Receipts are classified in tables 1 and 5 by *source*, a classification which is set forth in detail in special analysis B of part IV.

Expenditures and new obligatory authority are classified in two ways in the part I tables. A classification by *function*, used in tables 1 and 5 and the first part of table 3, groups transactions according to broad governmental purposes; subcategories of this classification as applied to Federal funds are set forth in special analysis C. A classification by *agency*, used in table 2 and the second part of table 3, shows transactions by major organizational units of the Government, with most agencies that are independent of the ten executive departments being grouped together. The main entries in this classification correspond to "chapters" in part II of the budget and to the way in which part III is organized.

TABLE 1
SUMMARY OF BUDGET RECEIPTS AND EXPENDITURES

Based on existing and proposed legislation

[In millions of dollars]

Description	1960 actual	1961 estimate			1962 estimate		
		Under existing laws and author- izations enacted or recom- mended	Proposed for later trans- mission	Total	Under existing laws and author- izations enacted or recom- mended	Proposed for later trans- mission	Total
BUDGET RECEIPTS (special analysis B):							
Individual income taxes.....	40,715	43,300		43,300	45,500		45,500
Corporation income taxes.....	21,494	20,400		20,400	19,900	1,000	20,900
Excise taxes.....	9,137	9,322		9,322	7,222	2,503	9,725
Employment taxes.....	339						
Estate and gift taxes.....	1,606	1,900		1,900	1,953		1,953
Customs.....	1,105	1,083		1,083	1,115		1,115
Miscellaneous budget receipts.....	4,062	3,695		3,695	3,790	16	3,807
Total.....	78,457	79,700		79,700	79,480	3,520	83,000
Deduct interfund transactions (included in both receipts and ex- penditures) (special analysis F).....	694			676			667
Total budget receipts.....	77,763			79,024			82,333
BUDGET EXPENDITURES (special analysis C):							
Major national security.....	45,627	45,660	270	45,930	47,343	49	47,392
International affairs and finance.....	1,833	2,300	11	2,310	2,598	113	2,712
Veterans services and benefits.....	5,060	5,172	55	5,227	5,292	3	5,296
Labor and welfare.....	4,419	4,664	1-180	4,483	4,621	138	4,759
Agriculture and agricultural resources.....	4,838	4,914	21	4,936	5,080	21	5,101
Natural resources.....	1,713	1,899	53	1,951	2,064	74	2,138
Commerce, housing, and space technology.....	2,782	3,617	2 167	3,784	4,400	2 3-1,030	3,371
General government.....	1,695	1,855	127	1,982	2,111	4-40	2,071
Interest.....	9,266	8,993	(5)	8,993	8,593	(5)	8,593
Allowance for contingencies.....			25	25		100	100
Total.....	77,233	79,073	549	79,621	82,103	-571	81,532
Deduct interfund transactions (included in both receipts and ex- penditures) (special analysis F).....	694			676			667
Total budget expenditures.....	76,539			78,945			80,865
Budget surplus (+).....	+1,224			+79			+1,468

¹ Includes reduction of \$314 million reflecting proposed rescission of appropriations for employment security now provided from the Unemployment trust fund.

² Includes proposed postal rate increases of \$160 million in 1961 and \$843.1 million in 1962.

³ Includes proposed temporary premium rate increase of \$164 million for the Federal Home Loan Bank Board.

⁴ Includes proposal to charge to the trust fund civil service benefits amounting to \$44.6 million for certain widows and retired employees.

⁵ Less than one-half million dollars.

TABLE 2
SUMMARY OF BUDGET EXPENDITURES
BY AGENCY
[In millions of dollars]

Description	1960 actual	1961 estimate			1962 estimate		
		Under authorizations already enacted	Proposed for later transmission	Total	Under authorizations enacted or recommended in this document	Proposed for later transmission	Total
Legislative branch.....	126	150	5	155	146	(¹)	147
The judiciary.....	49	51	2	53	55	1	56
Executive Office of the President.....	56	60	1	61	92	(¹)	92
Funds appropriated to the President:							
Mutual security—economic and contingencies.....	1,613	1,675	-----	1,675	1,865	10	1,875
Other.....	143	43	-----	43	25	50	75
Independent offices:							
Atomic Energy Commission.....	2,623	2,660	-----	2,660	2,680	-----	2,680
National Aeronautics and Space Administration.....	401	768	2	770	940	25	965
Veterans Administration.....	5,250	5,259	55	5,314	5,395	-27	5,369
Other.....	740	1,259	51	1,310	1,609	-207	1,402
General Services Administration.....	408	416	25	442	496	(¹)	496
Housing and Home Finance Agency.....	309	535	10	544	724	4	728
Department of Agriculture.....	5,419	5,684	54	5,739	5,595	187	5,782
Department of Commerce.....	539	502	9	511	593	-27	566
Department of Defense—Military.....	42,824	42,930	270	43,200	44,611	49	44,660
Department of Defense—Civil.....	902	981	4	986	984	(¹)	984
Department of Health, Education, and Welfare.....	3,403	3,631	85	3,716	3,919	86	4,005
Department of the Interior.....	690	767	18	785	871	2	873
Department of Justice.....	258	270	15	285	293	1	294
Department of Labor.....	549	532	-237	295	265	-42	223
Post Office Department.....	525	678	108	786	901	-838	63
Department of State.....	247	252	8	260	292	53	345
Treasury Department.....	10,131	9,927	31	9,958	9,686	2	9,688
District of Columbia.....	28	42	6	48	66	-----	66
Allowance for contingencies.....	-----	-----	25	25	-----	100	100
Total.....	77,233	79,073	549	79,621	82,103	-571	81,532
Deduct interfund transactions (included in both receipts and expenditures).....	694	-----	-----	676	-----	-----	667
Total budget expenditures.....	76,539	-----	-----	78,945	-----	-----	80,865

¹ Less than one-half million dollars.

TABLE 3
SUMMARY OF NEW OBLIGATIONAL AUTHORITY
BY FUNCTION AND AGENCY

Based on existing and proposed legislation

[In millions of dollars]

Description	1960 enacted	1961 estimate			1962 estimate		
		Enacted	Proposed for later transmis- sion	Total	Recom- mended in this document	Proposed for later transmis- sion	Total
BY FUNCTION							
Major national security.....	44,761	45,624	289	45,912	46,247	31	46,278
International affairs and finance.....	2,672	2,541	666	3,207	3,053	49	3,102
Veterans services and benefits.....	5,169	5,379	58	5,438	4,963	-----	4,963
Labor and welfare.....	4,574	4,903	34	4,937	4,812	213	5,025
Agriculture and agricultural resources.....	5,151	4,673	23	4,696	4,585	19	4,605
Natural resources.....	2,533	1,910	139	2,049	2,012	-----	2,012
Commerce, housing, and space technology.....	3,784	4,410	1 203	4,612	4,749	1—756	3,993
General government.....	1,664	1,942	131	2,073	2,141	2—45	2,096
Interest.....	9,266	8,993	(3)	8,993	8,593	-----	8,593
Allowance for contingencies.....	-----	-----	150	150	-----	200	200
Total new obligational authority.....	79,574	80,374	1,693	82,068	81,156	—288	80,867
BY AGENCY							
Legislative branch.....	117	119	5	123	124	-----	124
The judiciary.....	50	50	3	53	56	-----	56
Executive Office of the President.....	63	71	1	72	116	-----	116
Funds appropriated to the President:							
Mutual security—economic and contingencies.....	1,895	1,981	150	2,131	2,200	-----	2,200
Other.....	12	7	500	507	13	-----	13
Independent offices:							
Atomic Energy Commission.....	2,802	2,781	-----	2,781	2,598	-----	2,598
National Aeronautics and Space Administration.....	524	915	50	965	1,110	-----	1,110
Veterans Administration.....	5,404	5,518	58	5,577	5,101	-----	5,101
Other.....	2,038	1,415	31	1,446	1,446	—5	1,441
General Services Administration.....	283	494	25	520	556	-----	556
Housing and Home Finance Agency.....	814	1,106	13	1,119	948	-----	948
Department of Agriculture.....	5,684	5,233	128	5,361	5,395	114	5,509
Department of Commerce.....	571	539	9	549	565	47	612
Department of Defense—Military.....	41,959	42,820	289	43,108	43,609	31	43,640
Department of Defense—Civil.....	927	973	5	978	972	-----	972
Department of Health, Education, and Welfare.....	3,515	3,823	86	3,909	3,908	118	4,026
Department of the Interior.....	750	805	32	837	888	-----	888
Department of Justice.....	267	281	16	297	297	-----	297
Department of Labor.....	555	547	—22	525	264	-----	264
Post Office Department.....	646	614	113	728	906	—843	63
Department of State.....	270	255	13	268	302	49	351
Treasury Department.....	10,369	9,951	34	9,985	9,719	-----	9,719
District of Columbia.....	62	73	6	79	63	-----	63
Allowance for contingencies.....	-----	-----	150	150	-----	200	200
Total new obligational authority.....	79,574	80,374	1,693	82,068	81,156	—288	80,867

¹ Includes proposed postal rate increase of \$160 million in 1961 and \$843.1 million in 1962.

² Includes proposal to charge to the trust fund civil-service benefits amounting to \$44,637 thousand for certain widows and retired employees.

³ Less than one-half million dollars.

TABLE 4
SUMMARY OF CHANGES IN STATUS OF PUBLIC DEBT

[In millions of dollars]

Description	1960 actual	1961 estimate	1962 estimate
EFFECT OF OPERATIONS ON CASH BALANCES AND PUBLIC DEBT			
Effect of operations on cash balances:			
Budget surplus or deficit (—).....	1,224	79	1,468
Trust fund operations, increase or decrease (—) in cash balances (table 10).....	88	—161	19
Public enterprise debt and investment transactions, net (special analysis F).....	—137	—786	73
Increase or decrease (—) in outstanding checks, deposits in transit, and similar items.....	—149	195	—59
Total effect of operations on cash balances.....	1,026	—674	1,500
Cash balances at start of year:			
In Treasury.....	5,350	8,005	5,900
Outside Treasury.....	988	984	984
Cash position resulting from operations.....	7,364	8,315	8,384
Less cash balances at close of year:			
In Treasury.....	8,005	5,900	5,900
Outside Treasury.....	984	984	984
Increase (—) or decrease in public debt.....	—1,625	1,431	1,500
Public debt at start of year.....	284,706	286,331	284,900
Increase or decrease (—) in public debt.....	1,625	—1,431	—1,500
Public debt at close of year.....	286,331	284,900	283,400
COMPARISON OF PUBLIC DEBT WITH STATUTORY LIMITATION			
Public debt at close of year.....	286,331	284,900	283,400
Plus guaranteed obligations of Government agencies not owned by Treasury.....	140	222	255
Less debt not subject to statutory limitation.....	406	350	340
Debt subject to statutory limitation.....	286,065	284,772	283,315
Statutory limitation on debt at close of year.....	295,000	293,000	285,000
Maximum statutory limitation on debt during year.....	295,000	293,000	¹ 285,000

¹ An increase over \$285,000 million is being recommended, as indicated in the budget message.

TABLE 5

SUMMARY OF BUDGET AND TRUST TRANSACTIONS FOR FISCAL YEAR 1962

Based on existing and proposed legislation

[In millions of dollars]

Description	Budget funds (table 1)	Trust funds (table 10)	Interfund and other items (special analysis A)	Consolidated (special analysis A)
RECEIPTS				
Individual income taxes.....	45,500			45,500
Corporation income taxes.....	20,900			20,900
Excise taxes.....	9,725	3,288		13,013
Employment taxes.....		13,116		13,116
Estate and gift taxes.....	1,953			1,953
Customs.....	1,115			1,115
Miscellaneous budget and trust receipts.....	3,807	8,785	-5,044	7,548
Subtotal.....	83,000	25,189	-5,044	103,145
Deduct interfund transactions (included in budget receipts and expenditures).....	667		-667	
Total receipts.....	82,333	25,189	-4,377	103,145
EXPENDITURES				
Major national security.....	47,392	373	-16	47,749
International affairs and finance.....	2,712	12	-44	2,680
Veterans services and benefits.....	5,296	678	-7	5,967
Labor and welfare.....	4,759	19,615	-956	23,418
Agriculture and agricultural resources.....	5,101	21	-71	5,051
Natural resources.....	2,138	43	-3	2,178
Commerce, housing, and space technology.....	3,371	3,903	-129	7,145
General government.....	2,071	466	-117	2,420
Interest.....	8,593	(1)	-1,973	6,620
Allowance for contingencies.....	100			100
Undistributed.....		44	-1,541	-1,497
Subtotal.....	81,532	25,155	-4,855	101,832
Deduct interfund transactions (included in budget receipts and expenditures).....	667		-667	
Total expenditures.....	80,865	25,155	-4,188	101,832
Excess of receipts over expenditures.....	1,468	35	-189	1,313

¹ Less than one-half million dollars.

INTRODUCTION TO PART II

Part II contains the details of the budget for Federal funds, including various types of tables and schedules, explanatory statements of the work to be performed and the money needed, and the text of the language proposed for enactment by Congress on each item of authorization. Material is also included on a few trust funds which require congressional action.

This part of the budget begins with 4 summary statements (tables 6 through 9) which supplement the tables of part I. The remainder of part II is arranged in chapters reflecting the organization of the Government. Each chapter has summary tables, followed by details for each account.

SUMMARY TABLES AND THEIR CONTENTS

BUDGET AUTHORIZATIONS AND EXPENDITURES

Listing of accounts.—A principal table for each chapter shows the new obligational authority and budget expenditures by appropriation or fund account. It is arranged by bureau or comparable organization unit and for each such unit, is divided into several sections: Current authorizations (other than for public enterprise and intragovernmental funds), permanent authorizations, public enterprise funds, intragovernmental funds, and items proposed for later transmission. However, supplementals required in 1961 to cover the Federal employee pay increase enacted last year are shown with the accounts to which they relate.

Authorizations by type.—Forms of new obligational authority other than appropriations are set forth under the applicable account titles, identified by separate line entries. A recapitulation shows the authorizations divided between current and permanent and classified by type. In this recapitulation new obligational authority for public enterprise and intragovernmental funds is classified with other authority of the same type. The figures are summarized in table 7.

Expenditures from 1962 authority.—The final column shows the portion of the expenditures in the budget year which is estimated to result from new obligational authority for the same year. It is generally assumed that prior year balances available in commingled accounts will be obligated before the new authorizations are obligated, and that expenditures will reflect the liquidation of those obligations on the basis of previous experience.

TRANSACTIONS OF PUBLIC ENTERPRISE FUNDS

A second table in each chapter is used for public enterprise funds. It shows gross expenditures, receipts from operations, and budget expenditures (the difference between the two other figures). Gross expenditures and receipts are derived from the detailed business-type budget statements, which show expenditures and receipts on an accrual basis with a single adjustment (on either the expenditure or receipt side but not both) for the conversion from an accrual to a checks-issued basis, net. The figures from the chapters are totaled in table 9.

UNEXPENDED BALANCES CARRIED FORWARD

An analysis of unexpended balances for each chapter shows the balances of budget authorizations carried forward at start and end of the past, current, and budget years. These balances are summarized in table 8.

Many budget authorizations are available for obligation for only 1 year, but some are available for longer periods of time or without time limit. In the case of those which are for a specific period of time, unobligated balances are written off at the end of that time, but obligated balances are carried forward indefinitely to pay outstanding obligations lawfully incurred.

In the case of salaries and wages, travel, and like items, the lag between obligations and expenditures is usually no more than a few weeks or a few months. In the case of construction, major procurement, certain research contracts and similar items, the lag between obligations and expenditures may be 1 or 2 years or even longer.

The unobligated balance for each account represents the difference between the unexpended balance and the net obligations outstanding. Net obligations outstanding represent the unpaid obligations (both those which have accrued into liabilities and those which are undelivered or unperformed) less the accounts receivable and intragovernmental orders for services or materiel which have been accepted but have not yet become receivables.

RELATIONSHIP OF TRANSACTIONS AND BALANCES

The relationship between new obligational authority, obligations incurred, and budget expenditures for each year is shown in another table of each chapter, and summarized for the Government in table 6.

The obligations incurred constitute the most significant step between the opening and closing entries. The other lines represent balances carried forward between years; transfers between chapters; and writeoffs, restorations, and adjustments.

Obligations incurred, net.—The obligations incurred are stated on a gross basis in the detailed schedules, but are summarized on a net basis, consistent with the method of stating budget expenditures and new obligational authority. Thus, the summary figures are based on total obligations incurred less reimbursements to appropriation accounts, revenues and other receipts of revolving funds, and recoveries of prior obligations.

Writeoffs, restorations, and adjustments in availability.—Writeoffs of unused balances of authorizations occur in four ways: (a) rescissions by act of Congress; (b) the automatic lapsing of unobligated balances when an appropriation expires for purposes of obligation; (c) the return of capital and transfer of dividends from revolving funds to the general fund; and (d) adjustments in the obligated balances of expired accounts due to the payment of obligations in smaller amounts than anticipated or to the amendment or canceling of obligations. Restorations of balances previously written off occur in the case of expired accounts when the balances left for payment of old obligations are insufficient to cover them, due to payments in larger amounts than anticipated, the amendment of obligations, or the discovery of previously unrecorded items. Such restorations are netted in the table with other adjustments.

RECAPITULATION BY FUNCTION

The final table of each chapter summarizes the new obligational authority and expenditures according to the functional categories used in special analysis C of Part IV. Each line on this table consists of the total of the figures appearing on the first of the chapter summary tables opposite the corresponding functional code number.

FORM OF DETAILED MATERIAL

For each appropriation, the budget includes certain detailed material, as follows: (1) appropriation language, if applicable; (2) a schedule of program and financing; (3) a narrative statement on program and performance; (4) a schedule of object classification. An exception occurs in the case of certain permanent appropriations and older appropriation accounts on which only a residual balance remains; such accounts of a bureau or independent agency are often combined into a single presentation instead of having separate schedules. Where the obligations fall in a single object class, the classification is identified in the program and financing schedule, rather than in a separate schedule.

For revolving funds, there are usually three additional schedules covering (5) sources and application of funds; (6) revenue, expense, and retained earnings; and (7) financial condition. For some intragovernmental funds the program and financing schedule is omitted.

APPROPRIATION LANGUAGE

The language proposed for inclusion in the 1962 appropriation acts is printed at the head of each item requiring action by Congress, except for those items which are not formally recommended at this time but will be proposed for later transmission. The language of the 1961 appropriation acts is used as a base. Following the language are citations to relevant laws and the appropriation act from which the text is taken, as in this example:

SALARIES AND EXPENSES

For necessary expenses, including uniforms or allowances therefor, as authorized by law (5 U.S.C. 2131), and services as authorized by section 15 of the Act of August 2, 1946 (5 U.S.C. 55a), **[\$8,912,500]** \$10,915,000. (15 U.S.C. 77a-77b, 78a-78j, 79-79z-6, 80a1-80a52, 80b1-80b21; 11 U.S.C. 501-676; 5 U.S.C. 1001-1011; 60 Stat. 810; Independent Offices Appropriation Act, 1961.)

Roman type shows the text used in the 1961 appropriation acts. Italic type indicates proposed new language. Brackets enclose material which it is proposed to omit.

SCHEDULE OF PROGRAM AND FINANCING

This schedule consists of two parts. In the section for program by activities, costs or obligations are classified by purpose, program, or project.

Program and Financing (in thousands of dollars)			
	1960 actual	1961 estimate	1962 estimate
Program by activities:			
1. Full disclosure provisions.....	2,105	2,539	3,436
2. Prevention and suppression of fraud.....	3,220	3,693	4,051
3. Supervision and regulation of securities markets.....	217	243	254
4. Regulation of investment and public utility holding companies.....	500	650	744
5. Corporate reorganizations.....	288	329	330
6. Operational and business statistics.....	225	243	243
7. Executive and staff functions.....	932	1,049	1,067
8. Administrative services.....	681	772	790
Total program costs ¹	8,168	9,518	10,915
9. Unfunded adjustment to total operating costs: Property transferred in (-) without charge, net.....	-16	-4	
Total program costs, funded.....	8,152	9,514	10,915
10. Relations of costs to obligations: Costs financed from obligations of other years, net (-).....	-58		
Obligations incurred for costs of other years, net.....		4	
Total obligations.....	8,094	9,518	10,915
Financing:			
Unobligated balance lapsing.....	6		
New obligational authority.....	8,100	9,518	10,915
New obligational authority:			
Appropriation.....	8,100	8,912	10,915
Proposed supplemental due to pay increases.....		605	

¹ Includes capital outlay as follows: 1960, \$45 thousand; 1961, \$32 thousand; 1962, \$59 thousand.

The financing section shows the appropriation provided and other means of financing the program, and the disposition of amounts not used during the year.

Where the data are available in the accounting system, cost-type budgets are presented, as in the preceding example. In such cases, figures opposite the activity entries are the value of goods and services consumed in carrying out the program, in the case of operating costs; and they are the value of capital assets received, in the case of capital outlay programs.

The relation of costs to obligations is summarized in one or two lines on this schedule, but is amplified further in an additional table inserted in the narrative statement:

	1959 actual	1960 actual	1961 estimate	1962 estimate
Selected resources at end of year: Inventories and items on order:				
Stores (goods unconsumed by activities).....	18	6	10	10
Unpaid undelivered orders (appropriation balances obligated for goods and services on order not yet received).....	81	35	35	35
Total selected resources at end of year.....	99	41	45	45
Selected resources at start of year (-).....		-99	-41	-45
Costs financed from obligations of other years, net (-).....		-58		
Obligations incurred for costs of other years.....			4	

Obligations refer to orders placed, contracts awarded, loan agreements made, and services received during the year, regardless of the time of payment. Total obligations are always shown; activities are reflected on an obligation basis where cost data are not available. Appropriations or other obligational authority must be provided by the Congress before obligations can be incurred.

NARRATIVE STATEMENT OF PROGRAM AND PERFORMANCE

The work planned and services proposed to be carried out are described briefly in a narrative statement for each appropriation or fund. Where practicable the narrative statement indicates the expected accomplishment in relation to the financial estimates, and it gives some measures of program and performance.

SCHEDULE OF OBJECT CLASSIFICATION AND PERSONNEL SUMMARY

There is shown for each account a classification of obligations, costs, or accrued expenditures according to a uniform list of objects, as follows:

Object Classification (in thousands of dollars)			
	1960 actual	1961 estimate	1962 estimate
11 Personnel compensation:			
Permanent positions.....	6,811	8,031	9,190
Positions other than permanent.....	25	18	20
Other personnel compensation.....	72	45	52
Total personnel compensation.....	6,908	8,094	9,262
12 Personnel benefits.....	432	566	647
21 Travel and transportation of persons.....	270	308	335
22 Transportation of things.....	5	10	10
23 Rent, communications, and utilities.....	213	220	312
24 Printing and reproduction.....	29	38	36
25 Other services.....	103	146	140
26 Supplies and materials.....	89	104	114
31 Equipment.....	45	32	59
Total obligations.....	8,094	9,518	10,915

The object classes reflect the nature of the things or services purchased, regardless of the purpose or the nature of the program for which they are used.

The complete list of object classes is as follows:

10 PERSONAL SERVICES AND BENEFITS	30 ACQUISITION OF CAPITAL ASSETS
11 Personnel compensation	31 Equipment
12 Personnel benefits	32 Lands and structures
13 Benefits for former personnel	33 Investments and loans
20 CONTRACTUAL SERVICES AND SUPPLIES	40 GRANTS AND FIXED CHARGES
21 Travel and transportation of persons	41 Grants, subsidies, and contributions
22 Transportation of things	42 Insurance claims and indemnities
23 Rent, communications, and utilities	43 Interest and dividends
24 Printing and reproduction	44 Refunds
25 Other services	
26 Supplies and materials	

A personnel summary is appended to the object classification schedule, as illustrated:

Personnel Summary

Total number of permanent positions.....	1,600	1,090	1,235
Full-time equivalent of other positions.....	7	4	5
Average number of all employees.....	952	1,035	1,170
Number of employees at end of year.....	980	1,100	1,245
Average GS grade.....	8.9	9.2	9.3
Average GS salary.....	\$7,114	\$7,801	\$7,881

Permanent positions are those of a full-time nature which are of indefinite duration. Some are filled by persons with temporary appointments. The "number of employees at end of year" represents the number of (a) full-time and regularly scheduled part-time employees in pay status on the last workday in June, and (b) intermittent employees who work at any time during June. This is the basis for reports of the Civil Service Commission.

Average grades and salaries are computed arithmetically. Thus the average salary sometimes falls outside the salary range of the average grade.

STATEMENT OF SOURCES AND APPLICATION OF FUNDS

For all revolving funds, there is a presentation of funds applied and provided, other than borrowings and other financing transactions.

The statement generally reflects receipts and expenditures on an accrual basis; an adjustment is made for changes in selected working capital (current assets, other than cash and inventories for sale or manufacture, less current liabilities) in either section of the statement as appropriate. Because of such an adjustment, the gross expenditures shown on the statement, less the receipts from operations, equal budget expenditures on a checks-issued basis, as in the following example:

Sources and Application of Funds (Operations) (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Gross expenditures (funds applied):			
Acquisition of equipment.....	76	71	73
Operating expenses.....	3,071	2,736	2,930
Increase in selected working capital.....	259		
Total gross expenditures.....	3,406	2,807	3,003
Receipts from operations (funds provided):			
Revenue.....	5,473	3,674	4,154
Decrease in selected working capital.....		199	36
Total receipts from operations.....	5,473	3,673	4,190
Budget expenditures.....	-2,067	-1,066	-1,187

Since the statement is built on the basis of transactions which affect working capital, it excludes depreciation, losses on loans, and other "nonfund" transactions.

STATEMENT OF REVENUE, EXPENSE, AND RETAINED EARNINGS

For revolving funds there is also presented a statement of revenue and expense, computed on an accrual basis, and

the resulting net income or loss for the year. This statement is usually on a full accrual basis, including sums for depreciation, provision for losses on receivables, etc. Where a fund consists of several programs, revenue and expense may be identified for each; otherwise they are shown only for the fund as a whole, as here illustrated:

Revenue, Expense, and Retained Earnings (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Revenue.....	5,473	3,674	4,154
Expense.....	3,112	2,782	2,980
Net operating income for the year.....	2,361	892	1,174
Analysis of retained earnings:			
Retained earnings, beginning of year.....	2,061	3,089	2,485
Transfer to "Salaries and expenses, Mexican farm labor program," net.....	-1,327	-1,496	-1,519
Prior year adjustment, not affecting working capital.....	-6		
Retained earnings, end of year.....	3,089	2,485	2,140

The statement includes an analysis of the retained earnings or the cumulative deficit. This analysis shows any additions to earnings, other than net income for the year, any charges made against retained earnings, and the balance of profits kept in the enterprise as of the end of the year (whether in the form of cash, inventories, other current assets, or fixed assets).

STATEMENT OF FINANCIAL CONDITION

For each revolving fund there is presented a balance sheet of assets, liabilities, and investment of the Government at the close of the year, as in this example:

Financial Condition (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Assets:			
Cash with Treasury.....	3,369	2,939	2,607
Accounts receivable, net.....	18	11	14
Supplies.....	105	103	103
Deferred charges.....	170	150	150
Land, structures, and equipment, net.....	372	397	420
Total assets.....	4,034	3,600	3,294
Liabilities:			
Current.....	507	677	716
Government investment:			
Non-interest-bearing capital (start and end of year).....	438	438	438
Retained earnings.....	3,089	2,485	2,140
Total Government investment.....	3,527	2,923	2,578

The balance sheet excludes balances of appropriations or borrowing authorizations which have not yet been paid into the revolving fund. The section on investment of the Government is divided into three subsections as appropriate: (a) interest-bearing capital, (b) non-interest-bearing capital, and (c) retained earnings.

Because the balance sheet is on an accrual basis, it does not reflect the obligations incurred which have not yet matured into liabilities, nor does it reflect unfilled customer orders received and available as a basis for obligation in the case of intragovernmental revolving funds. Therefore, there is normally appended to the balance sheet a schedule which shows the unobligated balance, relating it to the unexpended balance and showing the computation of the obligated balance as in the following example:

Status of Certain Fund Balance (in thousands of dollars)

	1959 actual	1960 actual	1961 estimate	1962 estimate
Unexpended balance: Cash.....	2,629	3,369	2,929	2,607
Obligated balance, net:				
Current liabilities.....	757	507	677	716
Unpaid undelivered orders.....	40	71	50	50
Accounts receivable, net, and cash in transit (-).....	-47	-18	-11	-14
Total obligated balance.....	750	560	716	752
Unobligated balance.....	1,879	2,810	2,223	1,855

TABLE 6

SUMMARY OF BUDGET AUTHORIZATIONS, OBLIGATIONS, EXPENDITURES, AND BALANCES

Based on existing and proposed legislation

[In millions of dollars]

Description	1960 actual	1961 estimate	1962 estimate
Total new obligational authority	79,574	82,068	80,867
Unobligated balances brought forward, start of year.....	34,708	37,565	32,691
Appropriations available in prior year (—).....	—472	—537	—579
Appropriations available from subsequent year.....	537	579	579
Unobligated balances rescinded (—).....	—83	—	—79
Unobligated balances lapsing (—).....	—1,259	—746	—431
Capital transfers from revolving funds to receipt accounts (—).....	—171	—194	—106
Unobligated balances carried forward, end of year (—).....	—37,565	—32,691	—30,091
Obligations incurred, net	75,270	86,044	82,851
Obligated balances brought forward, start of year.....	37,055	34,898	41,319
Adjustments of obligated balances in expired accounts.....	—193	—2	—8
Obligated balances carried forward, end of year (—).....	—34,898	—41,319	—42,630
Total	77,233	79,621	¹ 81,532
Deduct interfund transactions (included in both receipts and expenditures).....	694	676	667
Total budget expenditures	76,539	78,945	80,865

¹ Distributed as follows: Out of new obligational authority, \$55,218 million, and out of balances of prior authorizations, \$26,314 million.

TABLE 7
SUMMARY OF NEW OBLIGATIONAL AUTHORITY
BY TYPE OF AUTHORIZATION AND AGENCY

Based on existing and proposed legislation

[In millions of dollars]

Description	1960 enacted	1961 estimate			1962 estimate		
		Enacted	Proposed for later transmis- sion	Total	Recom- mended in this document	Proposed for later transmis- sion	Total
CURRENT AUTHORIZATIONS							
Appropriations:							
Legislative branch.....	112	114	5	118	124		124
The judiciary.....	49	50	3	53	56		56
Executive Office of the President.....	63	71	1	72	116		116
Funds appropriated to the President:							
Mutual security—economic and contingencies.....	1,895	1,981	150	2,131	2,200		2,200
Other.....	12	7	500	507	13		13
Independent offices:							
Atomic Energy Commission.....	2,650	2,660		2,660	2,598		2,598
National Aeronautics and Space Administration.....	524	915	50	965	1,110		1,110
Veterans Administration.....	5,153	5,367	58	5,426	4,950		4,950
Other.....	1,160	1,260	31	1,291	1,359	—5	1,355
General Services Administration.....	281	492	25	518	554		554
Housing and Home Finance Agency.....	161	193	13	207	545		545
Department of Agriculture.....	4,808	4,131	128	4,259	4,478	114	4,592
Department of Commerce.....	380	345	9	354	361	83	444
Department of Defense—Military.....	41,929	42,790	289	43,078	43,589	31	43,620
Department of Defense—Civil.....	925	971	5	976	970		970
Department of Health, Education, and Welfare.....	3,495	3,797	86	3,883	3,897	118	4,015
Department of the Interior.....	600	655	20	675	720		720
Department of Justice.....	267	281	16	297	297		297
Department of Labor.....	555	547	—22	525	264		264
Post Office Department.....	646	614	113	728	906	—843	63
Department of State.....	268	253	13	266	299	49	348
Treasury Department.....	1,073	929	34	963	1,097		1,097
District of Columbia.....	62	73	6	79	63		63
Allowance for contingencies.....			150	150		200	200
Total appropriations.....	67,066	68,499	1,681	70,180	70,568	—252	70,315
Appropriations to liquidate contract authorizations:							
Legislative branch.....	(19)	(21)		(21)	(6)		(6)
Independent offices.....	(116)	(145)	(22)	(167)	(152)		(152)
Housing and Home Finance Agency.....	(108)	(150)		(150)	(200)		(200)
Department of Agriculture.....	(28)	(30)		(30)	(35)		(35)
Department of Commerce.....	(188)	(181)		(181)	(213)	(—30)	(183)
Department of Health, Education, and Welfare.....	(1)	(1)		(1)	(1)		(1)
Department of the Interior.....	(45)	(45)		(45)	(48)		(48)
Total authorizations to liquidate contract authorizations.....	(505)	(573)	(22)	(594)	(654)	(—30)	(624)
Authorizations to expend from debt receipts:							
Independent offices:							
Veterans Administration.....	100						
Other.....	750						
Housing and Home Finance Agency.....	275	550		550	350		350
Department of Agriculture.....	491	577		577	428		428
Department of the Interior.....		1	12	13	15		15
Total authorizations to expend from debt receipts.....	1,616	1,128	12	1,140	793		793
Contract authorizations:							
Legislative branch.....	5	5		5			
Department of Agriculture.....		35		35			
Department of Commerce.....		36		36			
Department of Health, Education, and Welfare.....	9	15		15			
Department of the Interior.....		46		46			
Total contract authorizations.....	14	138		138			

TABLE 7—Continued
SUMMARY OF NEW OBLIGATIONAL AUTHORITY—Continued
BY TYPE OF AUTHORIZATION AND AGENCY—Continued
Based on existing and proposed legislation—Continued
 [In millions of dollars]

Description	1960 enacted	1961 estimate			1962 estimate		
		Enacted	Proposed for later transmis- sion	Total	Recom- mended in this document	Proposed for later transmis- sion	Total
CURRENT AUTHORIZATIONS—Continued							
Reappropriations:							
Legislative branch.....	(1)	(1)		(1)			
The judiciary.....	(1)						
Independent offices:							
Atomic Energy Commission.....	153	121		121			
Other.....		(1)		(1)			
Department of Agriculture.....	1	49		49			
Department of Health, Education, and Welfare.....	(1)	(1)		(1)			
Department of the Interior.....	(1)	(1)		(1)	(1)		(1)
Treasury Department.....		(1)		(1)			
Total reappropriations.....	154	171		171	(1)		(1)
Total current authorizations.....	68,850	69,935	1,693	71,629	71,361	—252	71,108
PERMANENT AUTHORIZATIONS							
Appropriations:							
Legislative branch.....	(1)	(1)		(1)	(1)		(1)
The judiciary.....	1						
Independent offices:							
Veterans Administration.....	1	1		1	1		1
Other.....	2	3		3	3		3
General Services Administration.....	2	2		2	2		2
Department of Agriculture.....	347	440		440	440		440
Department of Defense—Civil.....	2	2		2	2		2
Department of Health, Education, and Welfare.....	10	10		10	10		10
Department of the Interior.....	101	102		102	106		106
Department of Justice.....	(1)	(1)		(1)			
Department of State.....	3	3		3	3		3
Treasury Department.....	9,296	9,022		9,022	8,622		8,622
Total appropriations.....	9,763	9,584		9,584	9,188		9,188
Authorizations to expend from debt receipts:							
Independent offices: Veterans Administration.....	150	150		150	150		150
Housing and Home Finance Agency.....	28	63		63	53		53
Department of Agriculture.....	6	1		1	8		8
Total authorizations to expend from debt receipts.....	185	214		214	211		211
Contract authorizations:							
Independent offices.....	125	152		152	84		84
Housing and Home Finance Agency.....	350	300		300			
Department of Agriculture.....	30				40		40
Department of Commerce.....	192	158		158	205	—36	169
Department of Health, Education, and Welfare.....	1	1		1	1		1
Department of the Interior.....	48	1		1	47		47
Total contract authorizations.....	746	612		612	375	—36	340
Reappropriations:							
Department of Defense—Military.....	30	30		30	20		20
Total permanent authorizations.....	10,724	10,439		10,439	9,795	—36	9,759
Total new obligational authority.....	79,574	80,374	1,693	82,068	81,156	—288	80,867

¹ Less than one-half million dollars.

TABLE 8
SUMMARY OF BALANCES AVAILABLE AT START OF YEAR

Based on existing and proposed legislation

[In millions of dollars]

Description	1960 actual		1961 actual		1962 estimate		1963 estimate	
	Obligated	Unobligated	Obligated	Unobligated	Obligated	Unobligated	Obligated	Unobligated
BALANCES OF AUTHORIZATIONS ENACTED OR RECOMMENDED IN THIS DOCUMENT								
Appropriations:								
Legislative branch.....	40	26	65	4	45	-2	17	(¹)
The judiciary.....	3		3		3		4	
Executive Office of the President.....	42	1	41	5	57	(¹)	80	
Funds appropriated to the President.....	1,491	50	1,423	40	1,467	19	1,534	(¹)
Independent offices.....	1,823	549	2,076	625	2,651	593	2,823	211
General Services Administration.....	161	261	136	110	264	42	349	11
Housing and Home Finance Agency.....	4	1	6	(¹)	6		11	
Department of Agriculture.....	143	332	148	395	274	335	261	319
Department of Commerce.....	232	119	234	136	356	33	352	17
Department of Defense—Military.....	23,878	7,565	22,350	8,688	24,934	5,965	24,818	5,149
Department of Defense—Civil.....	166	109	194	93	243	37	254	18
Department of Health, Education, and Welfare.....	906	186	1,015	197	1,270	166	1,264	138
Department of the Interior.....	184	60	200	47	257	19	281	14
Department of Justice.....	15	(¹)	21	2	30		30	(¹)
Department of Labor.....	14	171	8	(¹)	5		5	
Department of State.....	66	5	49	43	66	29	85	21
Treasury Department.....	92	12	103	218	142	201	171	201
District of Columbia.....		48		81		112		109
Total appropriations.....	29,262	9,496	28,071	10,684	32,070	7,549	32,339	6,209
Authorizations to expend from debt receipts:								
Funds appropriated to the President.....	179	170	264	65	211	89	218	69
Independent offices.....	911	7,952	1,337	8,563	1,764	8,156	1,937	7,819
Housing and Home Finance Agency.....	2,858	4,122	1,771	4,798	2,031	4,665	2,465	4,117
Department of Agriculture.....	1,165	1,776	1,079	1,889	1,082	815	1,008	513
Department of Defense—Civil.....				10	5	5	10	
Department of the Interior.....	(¹)		(¹)					15
Treasury Department.....	2	5,962	2	5,962	2	5,963	2	5,963
Total authorizations to expend from debt receipts.....	5,116	19,982	4,453	21,287	5,095	19,692	5,640	18,496
Contract authorizations:								
Legislative branch.....	1	61	23	24	20	11	15	10
Independent offices.....	82	48	110	29	102	22	47	7
Housing and Home Finance Agency.....	505	640	777	611	940	598	1,125	213
Department of Agriculture.....	8	30	10	30	11	35	13	38
Department of Commerce.....	154	42	153	47	170	44	127	
Department of Health, Education, and Welfare.....	1	1	1	1	1		1	
Department of the Interior.....	14	66	17	67	26	59	32	52
Total contract authorizations.....	766	889	1,092	808	1,269	769	1,360	320
Revolving and management funds:								
Legislative branch.....	-2	16	-7	16	-7	16	-7	16
Executive Office of the President.....	(¹)	1	(¹)	1	(¹)	1	(¹)	1
Funds appropriated to the President.....	679	226	744	400	1,164	257	1,452	256
Independent offices.....	229	756	268	895	304	896	348	849
General Services Administration.....	17	50	30	20	34	16	38	13
Housing and Home Finance Agency.....	228	619	250	724	264	793	246	1,129
Department of Agriculture.....	37	112	34	130	35	138	35	133
Department of Commerce.....	(¹)	31	1	34	-1	37	(¹)	35
Department of Defense—Military.....	391	2,429	-499	2,464	-113	2,073	-155	2,045
Department of Defense—Civil.....	40	30	47	24	40	21	34	23
Department of Health, Education, and Welfare.....	2	1	4	1	4	1	4	1
Department of the Interior.....	25	24	40	53	65	34	66	16
Department of Justice.....	-6	11	-7	11	-7	11	-7	11
Department of Labor.....	1	2	1	3	1	2	1	2
Post Office Department.....	257	34	366	7	303	7	308	7
Department of State.....	(¹)	(¹)	(¹)	(¹)	(¹)		(¹)	
Treasury Department.....	10	(¹)	9	3	7	3	7	2
Total revolving and management funds.....	1,911	4,341	1,282	4,786	2,094	4,304	2,371	4,539
Total balances of authorizations enacted or recommended in this document.....	37,055	34,708	34,898	37,565	40,528	32,315	41,710	29,563

¹Less than one-half million dollars.

TABLE 8—Continued
SUMMARY OF BALANCES AVAILABLE AT START OF YEAR—Continued

Based on existing and proposed legislation—Continued

[In millions of dollars]

Description	1960 actual		1961 actual		1962 estimate		1963 estimate	
	Obligated	Unobligated	Obligated	Unobligated	Obligated	Unobligated	Obligated	Unobligated
BALANCES OF AUTHORIZATIONS PROPOSED FOR LATER TRANSMISSION								
Appropriations:								
Legislative branch.....					(¹)			
The judiciary.....					1			
Executive Office of the President.....					(¹)			
Funds appropriated to the President.....					450	50	450	
Independent offices.....					52		58	5
General Services Administration.....						(¹)		(¹)
Housing and Home Finance Agency.....					4			
Department of Agriculture.....					73		1	
Department of Commerce.....					1		13	60
Department of Defense—Military.....					19		(¹)	
Department of Defense—Civil.....					(¹)			
Department of Health, Education, and Welfare.....					1		33	
Department of the Interior.....					2			
Department of Justice.....					1			
Department of Labor.....					(¹)			
Post Office Department.....					5			
Department of State.....					5		1	
Treasury Department.....					2			
Allowance for contingencies.....					125		225	
Total appropriations.....					741	50	781	65
Authorizations to expend from debt receipts:								
Department of the Interior.....						12		12
Revolving and management funds:								
Funds appropriated to the President.....					50	100	140	(¹)
Independent offices.....								194
Department of Labor.....						214		256
Total, revolving and management funds.....					50	314	140	450
Total balances of authorizations proposed for later transmission.....					791	376	920	527
Total balances available at start of year.....	37,055	34,708	34,898	37,565	41,319	32,691	42,630	30,091
RECAPITULATION								
Appropriations.....	29,262	9,496	28,071	10,684	32,811	7,599	33,120	6,274
Authorizations to expend from debt receipts.....	5,116	19,982	4,453	21,287	5,095	19,704	5,640	18,508
Contract authorizations.....	766	889	1,092	808	1,269	769	1,360	320
Revolving and management funds.....	1,911	4,341	1,282	4,786	2,144	4,618	2,511	4,989
Total balances available at start of year.....	37,055	34,708	34,898	37,565	41,319	32,691	42,630	30,091

¹ Less than one-half million dollars.

TABLE 9

SUMMARY OF EXPENDITURES OF PUBLIC ENTERPRISE FUNDS

Based on existing and proposed legislation

In millions of dollars. The budget expenditures shown in this table are included in the budget expenditures of the respective functions and agencies in all tables of the budget.]

Description	GROSS EXPENDITURES			RECEIPTS FROM OPERATIONS			BUDGET EXPENDITURES		
	1960	1961	1962	1960	1961	1962	1960	1961	1962
Enacted or recommended in this document:									
Executive Office of the President.....	(¹)	(¹)	(¹)	(¹)	(¹)	(¹)	(¹)	(¹)	(¹)
Funds appropriated to the President:									
Mutual security—economic and contingencies.....	217	310	482	16	38	69	201	273	413
Other.....	236	156	71	106	126	58	130	30	12
Independent offices:									
Veterans Administration.....	362	267	427	174	184	261	187	83	166
Other.....	989	1,162	1,417	1,263	1,163	1,286	-274	-1	132
General Services Administration.....	2	(¹)	(¹)	6	3	2	-3	-2	-2
Housing and Home Finance Agency.....	2,631	2,142	2,496	2,334	1,621	1,790	298	522	706
Department of Agriculture.....	6,133	6,202	4,863	2,899	2,799	1,565	3,234	3,403	3,298
Department of Commerce.....	6	8	10	9	11	9	-2	-3	1
Department of Defense—Military.....	83	102	102	60	73	67	22	30	35
Department of Defense—Civil.....	108	125	119	110	116	119	-2	9	1
Department of Health, Education, and Welfare.....	3	4	4	4	4	4	(¹)	(¹)	(¹)
Department of the Interior.....	70	120	143	39	65	66	32	55	78
Department of Labor.....	3	3	3	5	4	4	-2	-1	-1
Post Office Department.....	3,920	4,373	4,504	3,432	3,506	3,662	488	866	842
Treasury Department.....	(¹)	(¹)	(¹)	15	3	4	-14	-2	-4
Total.....	14,765	14,977	14,643	10,472	9,715	8,968	4,293	5,261	5,675
Proposed for later transmission:									
Funds appropriated to the President: Mutual security—economic and contingencies.....			10			(¹)			10
Independent offices:									
Veterans Administration.....						30			-30
Other.....						164			-164
Housing and Home Finance Agency.....		8	4					8	4
Department of Labor.....		250	250		214	292		36	-42
Post Office Department.....		30	1		160	843		-130	-842
Total.....		288	264		374	1,330		-86	-1,065
Grand total.....	14,765	15,265	14,908	10,472	10,089	10,297	4,293	5,176	4,610

¹ Less than one-half million dollars.

DEPARTMENT OF AGRICULTURE
BUDGET AUTHORIZATIONS AND EXPENDITURES
BY ORGANIZATION UNIT AND ACCOUNT TITLE

[In thousands of dollars]

Description	Functional code	NEW AUTHORIZATIONS (appropriations unless otherwise specified)				BUDGET EXPENDITURES			
		1960 enacted	1961 estimate		1962 estimate	1960 actual	1961 estimate	1962 estimate	
			Enacted	Proposed for later transmission				Total	From new obligational authority
AGRICULTURAL RESEARCH SERVICE									
Current authorizations:									
Salaries and expenses.....	355	138,848	144,125	6,745	158,466	132,347	147,847	154,632	137,112
Reappropriation.....	355	1,000	1,000						
Salaries and expenses (special foreign currency program).....	355	18,193	15,131		5,265		3,000	6,000	1,000
Construction of facilities.....	355		7,750		550		1,350	5,755	55
State experiment stations.....	355	31,804	32,803		34,803	31,737	32,750	34,778	34,664
Diseases of animals and poultry.....	355					121	14		
Animal disease laboratory facilities.....	355					8,108	4,200	123	
Research facilities.....	355					115	15		
Research on strategic and critical agricultural materials.....	355						1		
Permanent authorizations:									
Alterations and improvements, animal quarantine station, Clifton, N.J. (indefinite special fund).....	355	30				15	15		
Intragovernmental funds:									
Working capital fund, Agricultural Research Center.....	355					-55	7	-6	
Advances and reimbursements.....	355						1		
Proposed for later transmission (other than pay increase supplements):									
Under existing legislation: Salaries and expenses.....	355			650			620	30	
Total, Agricultural Research Service.....		189,875	200,809	7,395	199,084	172,388	189,820	201,312	172,831
EXTENSION SERVICE									
Current authorizations:									
Cooperative extension work, payments and expenses.....	355	64,123	67,431	41	70,040	63,721	67,564	70,050	68,598
FARMER COOPERATIVE SERVICE									
Current authorizations:									
Salaries and expenses.....	355	616	620	37	657	597	652	657	595
Intragovernmental funds:									
Advances and reimbursements.....	355					-21	-3		
Total, Farmer Cooperative Service.....		616	620	37	657	576	649	657	595
SOIL CONSERVATION SERVICE									
Current authorizations:									
Conservation operations.....	354	82,322	83,132	5,472	89,725	79,308	87,392	89,175	82,175
Reappropriation.....	354		600						
Watershed protection.....	354	22,750	36,800		46,287	27,019	35,127	45,012	19,025
Flood prevention.....	354	18,000	19,570		19,463	16,809	18,262	20,000	9,876
Great Plains conservation program.....	354	10,000	10,000	168	10,168	7,871	9,786	8,428	3,000
Water conservation and utilization projects.....	354	75				58	3	2	
Total, Soil Conservation Service.....		133,147	150,102	5,640	165,643	131,065	150,570	162,617	114,076
AGRICULTURAL CONSERVATION PROGRAM SERVICE									
Current authorizations:									
Agricultural conservation program.....	354	241,500	242,000		238,000	236,069	238,000	240,000	213,000
Emergency conservation program: Reappropriation.....	354	202				897	2,000	2,000	
Total, Agricultural Conservation Program Service.....		241,702	242,000		238,000	236,966	240,000	242,000	213,000
AGRICULTURAL MARKETING SERVICE									
Current authorizations:									
Marketing research and service.....	355	41,417	44,445	2,776	48,380	38,353	47,133	48,372	44,078
Payments to States and possessions.....	355	1,195	1,195		1,195	1,195	1,195	1,195	1,195
School lunch program.....	217	110,000	110,000		110,000	152,832	155,100	155,000	154,500
Permanent authorizations:									
School lunch program.....	217	43,657	45,000		45,000				
Perishable Agricultural Commodities Act fund (indefinite special fund).....	355	679	670		670	710	788	829	552
Removal of surplus agricultural commodities (indefinite).....	351	200,302	267,001	-178	284,383	89,663	100,000	110,000	

BUDGET AUTHORIZATIONS AND EXPENDITURES—Continued

BY ORGANIZATION UNIT AND ACCOUNT TITLE—Continued

[In thousands of dollars]

Description	Functional code	NEW AUTHORIZATIONS (appropriations unless otherwise specified)				BUDGET EXPENDITURES			
		1960 enacted	1961 estimate		1962 estimate	1960 actual	1961 estimate	1962 estimate	
			Enacted	Proposed for later transmission				Total	From new obligational authority
AGRICULTURAL MARKETING SERVICE—Continued									
Intragovernmental funds:									
Advances and reimbursements.....	355					19	50		
Proposed for later transmission (other than pay increase supplements):									
Under proposed legislation: Special milk program.....	217				95,000			94,500	94,500
Total, Agricultural Marketing Service.....		397,250	468,311	2,598	584,628	282,772	304,266	409,896	294,825
FOREIGN AGRICULTURAL SERVICE									
Current authorizations:									
Salaries and expenses.....	355	3,518	4,624	232	13,686	6,299	6,909	10,657	9,506
Salaries and expenses (special foreign currency program).....	355	11,553	14,621		3,444		10,000	10,874	1,274
Permanent authorizations:									
Salaries and expenses (indefinite).....	355	2,493	2,639	178	3,117				
Total, Foreign Agricultural Service.....		17,564	21,884	410	20,247	6,299	16,909	21,531	10,780
COMMODITY EXCHANGE AUTHORITY									
Current authorizations:									
Salaries and expenses.....	355	910	940	50	1,007	879	988	1,005	946
COMMODITY STABILIZATION SERVICE									
Current authorizations:									
Acreage allotments and marketing quotas.....	351	40,535	40,135	3,463	44,833	40,486	43,653	44,833	44,802
Sugar Act program.....	351	71,500	74,500		181,314	73,962	74,401	84,844	75,973
Conservation reserve program.....	354	335,000	330,000		330,000	323,786	353,729	357,137	327,875
Reappropriation.....	354		21,825						
Acreage reserve program.....	351					-128			
Intragovernmental funds:									
Administrative expenses, sec. 392, Agricultural Adjustment Act of 1938.....	355					-1,011			
Local administration, sec. 388, Agricultural Adjustment Act of 1938.....	355					495			
Proposed for later transmission (other than pay increase supplements):									
Under proposed legislation: Conservation reserve program.....	354				19,381			19,381	19,381
Total, Commodity Stabilization Service.....		447,035	466,460	3,463	475,528	437,588	471,783	506,195	468,031
COMMODITY CREDIT CORPORATION (FUND)									
Price Support, Supply, and Related Programs and Special Milk									
Public enterprise funds:									
Price support, supply, and related programs:									
Restoration of capital impairment (current appropriation).....	351	2,043,693	1,151,832		936,429	1,480,238	1,423,000	1,536,607	
Limitation on administrative expenses.....		(41,782)	(45,026)		(44,956)				
Special milk program:									
Restoration of capital impairment (1958, 1959, and 1960 costs) (current appropriation).....	217	66,731	74,668		81,181	81,181	90,000		
Limitation on administrative expenses.....		(618)	(700)						
Reimbursement to Commodity Credit Corporation for costs of special milk program (1961 program costs) (current appropriation).....	217				90,000				
Total, price support, supply, and related programs and special milk.....		2,110,424	1,226,500		1,107,610	1,561,419	1,513,000	1,536,607	

1 Includes \$69,314 thousand to carry out authorizing legislation to be proposed.

BUDGET AUTHORIZATIONS AND EXPENDITURES—Continued

BY ORGANIZATION UNIT AND ACCOUNT TITLE—Continued

[In thousands of dollars]

Description	Functional code	NEW AUTHORIZATIONS (appropriations unless otherwise specified)				BUDGET EXPENDITURES			
		1960 enacted	1961 estimate		1962 estimate	1960 actual	1961 estimate	1962 estimate	
			Enacted	Proposed for later transmission				Total	From new obligational authority
COMMODITY CREDIT CORPORATION (FUND)—Continued									
Special Activities Financed by Commodity Credit Corporation									
Public enterprise funds:									
Current appropriations unless otherwise indicated:									
Reimbursement to Commodity Credit Corporation for—									
International Wheat Agreement.....	351	63,875	32,572		88,790	66,302	71,530	70,681	2,409,457
Reappropriation.....	351		16,470						
Emergency famine relief to friendly peoples.....	152	104,508	107,094		255,685	95,500	275,185	140,868	
Reappropriation.....	152		7,906						
Sales of surplus agricultural commodities for foreign currencies.....	351	968,016	881,000		1,353,000	1,231,987	1,275,063	1,294,002	
Long-term supply contracts.....	351						10,100	9,300	
Transfer of Commodity Credit Corporation grain to Interior for migratory waterfowl feed.....	351	35	18		13	13	35	35	
Reappropriation.....	351		17						
Transfer of bartered materials to supplemental stockpile.....	351	129,000	422,950		163,163	192,444	207,941	174,800	
Animal disease eradication activities.....	355	1,057				-28			
Reappropriation.....	355		20						
Grading and classing activities.....	355	1,607			1,264	852	1,411	2,813	
Reappropriation.....	355		998						
National Wool Act (permanent indefinite appropriation).....	351	50,050	67,190		59,000	92,654	61,833	66,070	
Loans to Secretary of Agriculture for conservation purposes.....	354					-300	-3,700	-8,000	
Military housing (Public Law 84-161 (5 U.S.C. 171z-1)).....	351					5,888	-2,009	-1,700	
Transfer of long-staple cotton from national stockpile for sale by Commodity Credit Corporation.....	351					204	-118		
Soil bank program—acreage reserve certificates (liquidation).....	351					324	12		
Total, special activities financed by Commodity Credit Corporation.....		1,318,148	1,536,236		1,920,915	1,685,840	1,897,283	1,748,869	
Total, Commodity Credit Corporation (fund).....		3,428,572	2,762,736		3,028,525	3,247,259	3,410,283	3,285,476	
FEDERAL CROP INSURANCE CORPORATION									
Current authorizations:									
Operating and administrative expenses.....	351	6,377	6,376	185	6,561	6,364	5,321	6,465	3,740
Public enterprise funds:									
Federal Crop Insurance Corporation fund.....	351					-2,363	-6,728	-20	2,830
Limitation on administrative expenses.....		(2,330)	(2,630)		(2,830)				
Total, Federal Crop Insurance Corporation.....		6,377	6,376	185	6,561	4,001	-1,407	6,445	6,570
RURAL ELECTRIFICATION ADMINISTRATION									
Current authorizations:									
Loan authorizations (authorization to expend from debt receipts).....	353	265,000	310,000		245,000	321,005	318,000	330,000	30,000
Salaries and expenses.....	353	9,632	9,632	392	10,024	9,417	9,863	10,024	9,930
Total, Rural Electrification Administration.....		274,632	319,632	392	255,024	330,422	327,863	340,024	39,930
FARMERS HOME ADMINISTRATION									
Current authorizations:									
Loan authorizations (authorization to expend from debt receipts):									
Farm ownership, farm operating, and soil and water conservation.....	352	226,000	267,000		183,000	229,138	230,890	185,110	181,900
Farm housing.....	517					43,250	39,947	1,900	
Salaries and expenses.....	352	30,745	31,050	1,967	33,317	30,561	32,993	33,213	31,300
Public enterprise funds:									
Disaster loans, etc., revolving fund.....	352					-17,785	-1,568	3,876	
Farm tenant-mortgage insurance fund (indefinite permanent authorization to expend from debt receipts).....	352	6,245	1,082		8,325	6,815	1,237	8,435	8,325
Total, Farmers Home Administration.....		262,990	299,132	1,967	224,642	291,979	303,499	232,534	221,525
OFFICE OF THE GENERAL COUNSEL									
Current authorizations:									
Salaries and expenses.....	355	3,162	3,358	192	3,650	3,126	3,533	3,630	3,420

BUDGET AUTHORIZATIONS AND EXPENDITURES—Continued

BY ORGANIZATION UNIT AND ACCOUNT TITLE—Continued

[In thousands of dollars]

Description	Functional code	NEW AUTHORIZATIONS (appropriations unless otherwise specified)				BUDGET EXPENDITURES			
		1960 enacted	1961 estimate		1962 estimate	1960 actual	1961 estimate	1962 estimate	
			Enacted	Proposed for later transmission				Total	From new obligational authority
OFFICE OF THE SECRETARY									
Current authorizations:									
Salaries and expenses.....	355	2,881	2,900	180	3,107	2,802	3,123	3,109	2,960
Intragovernmental funds:									
Working capital fund, Department of Agriculture.....	355					—40	12	12	
Total, Office of the Secretary.....		2,881	2,900	180	3,107	2,762	3,135	3,121	2,960
OFFICE OF INFORMATION									
Current authorizations:									
Salaries and expenses.....	355	1,432	1,488	60	1,610	1,375	1,578	1,595	1,250
Intragovernmental funds:									
Advances and reimbursements.....	355					—50	5	5	
Total, Office of Information.....		1,432	1,488	60	1,610	1,325	1,583	1,600	1,250
CENTENNIAL OBSERVANCE OF AGRICULTURE									
Current authorizations:									
Salaries and expenses.....	355				130			78	78
LIBRARY									
Current authorizations:									
Salaries and expenses.....	355	900	895	56	1,057	884	946	1,040	983
Intragovernmental funds:									
Advances and reimbursements.....	355					—10	—2	—2	
Total, Library.....		900	895	56	1,057	874	944	1,038	983
FOREST SERVICE									
Current authorizations:									
Forest protection and utilization.....	402	129,120	123,076	5,100	139,804	130,202	126,937	136,854	123,679
Cooperative range improvements (special fund).....	402	700	700		700				
Forest roads and trails:									
Contract authorization.....	402		35,000			27,824	32,412	35,000	
Appropriation to liquidate contract authorization.....	402	(28,000)	(30,000)		(35,000)				
Access roads.....	402	1,000	1,000		1,000		2,000	1,000	1,000
Acquisition of lands for national forests:									
Superior National Forest.....	402		750		250	127	550	300	150
Special acts (indefinite special fund).....	402	10	10		10	4	10	10	3
Cache National Forest.....	402	50				15	50	50	
Assistance to States for tree planting.....	402					20	6		
Permanent authorizations:									
Forest roads and trails: Contract authorization.....	402	30,000			40,000				
Expenses, brush disposal (indefinite special fund).....	402	7,222	7,500		7,500	4,954	6,500	6,900	6,100
Roads and trails for States, national forests fund (indefinite special fund).....	402	11,870	14,170		11,370	11,870	14,170	11,370	11,370
Miscellaneous permanent appropriations:									
Forest-fire prevention (indefinite special fund).....	402	14	20		20	11	20	20	18
Restoration of forest lands and improvements (indefinite special fund).....	402	6	100		100	7	70	90	60
Payments to Minnesota (Cook, Lake, and St. Louis Counties) from the national forests fund (indefinite special fund).....	402	121	123		123	121	123	123	123
Payments due counties, submarginal land program, Farm Tenant Act (indefinite special fund).....	402	453	425		425	453	425	425	425
Payments to school funds, Arizona and New Mexico, act of June 20, 1910 (receipt limitation) (indefinite).....	402	114	140		140	114	140	140	140
Payments to States and Territories from the national forests fund (indefinite special fund).....	402	29,669	35,400		28,400	29,669	35,400	28,400	28,400
Construction of warehouse and related facilities, Salt Lake City, Utah (indefinite special fund).....	402	25					25		
Intragovernmental funds:									
Working capital fund, Forest Service.....	402					—498	—100		
Proposed for later transmission (other than pay increase supplements):									
Under existing legislation:									
Forest protection and utilization.....	402			31,500			28,223	3,277	
Acquisition of lands, Klamath Indians.....	402			68,717				68,717	
Total, Forest Service.....		210,374	218,414	105,317	229,842	204,893	246,961	292,676	171,468
Total new obligational authority and budget expenditures.....		5,683,542	5,233,488	127,983	5,508,982	5,418,895	5,738,943	5,781,885	4,201,323

BUDGET AUTHORIZATIONS AND EXPENDITURES—Continued

BY ORGANIZATION UNIT AND ACCOUNT TITLE—Continued

[In thousands of dollars]

Description	Functional code	NEW AUTHORIZATIONS (appropriations unless otherwise specified)			BUDGET EXPENDITURES				
		1960 enacted	1961 estimate		1962 estimate	1960 actual	1961 estimate	1962 estimate	
			Enacted	Proposed for later transmission				Total	From new obligational authority
RECAPITULATION									
Enacted or recommended in this document:									
Current authorizations:									
Appropriations-----		4,808,390	4,131,191	4,478,028	5,418,895	5,684,456	5,594,508	4,087,442	
Appropriations to liquidate contract authorization-----		(28,000)	(30,000)	(35,000)					
Authorizations to expend from debt receipts-----		491,000	577,000	428,000					
Contract authorizations-----			35,000						
Reappropriations-----		1,202	48,837						
Permanent authorizations:									
Appropriations-----		346,705	440,378	440,248	25,644	28,843	1,472	185,905	113,881
Authorizations to expend from debt receipts-----		6,245	1,082	8,325					
Contract authorizations-----		30,000		40,000					
Proposed for later transmission:									
Pay increase supplemental appropriations-----			27,116						
Other: Appropriations-----			100,867	114,381					
Total new obligational authority and budget expenditures-----		5,683,542	5,361,471	5,508,982	5,418,895	5,738,943	5,781,885	4,201,323	

EXPENDITURES AND APPLICABLE RECEIPTS OF PUBLIC ENTERPRISE FUNDS

[In thousands of dollars]

Organization unit and account title	Functional code	GROSS EXPENDITURES (funds applied)			RECEIPTS FROM OPERATIONS (funds provided)			BUDGET EXPENDITURES		
		1960	1961	1962	1960	1961	1962	1960	1961	1962
COMMODITY CREDIT CORPORATION (FUND)										
Price support, supply, and related programs.....	351	4,018,300	3,892,729	2,830,048	2,538,062	2,469,729	1,293,441	1,480,238	1,423,000	1,536,607
Special milk program.....	217	82,210			1,029			81,181		
Reimbursement to Commodity Credit Corporation for costs of special milk program.....	217		90,000						90,000	
Total, price support, supply, and related programs and special milk.....		4,100,510	3,982,729	2,830,048	2,539,091	2,469,729	1,293,441	1,561,419	1,513,000	1,536,607
Special activities financed by Commodity Credit Corporation:										
International affairs and finance: Economic and financial assistance.....	152	95,500	275,185	140,868				95,500	275,185	140,868
Agriculture and agricultural resources:										
Stabilization of farm prices and income.....	351	1,839,785	1,852,587	1,799,338	249,969	228,200	186,150	1,589,816	1,624,387	1,613,198
Conservation and development of agricultural land and water resources.....	354	38,200	37,500	17,500	38,500	41,200	25,500	—300	—3,700	—8,000
Research and agricultural services.....	355	824	1,411	2,813				824	1,411	2,813
Total, special activities financed by Commodity Credit Corporation.....		1,974,309	2,166,683	1,960,519	288,469	269,400	211,650	1,685,840	1,897,283	1,748,869
Total, Commodity Credit Corporation (fund).....		6,074,819	6,149,412	4,790,567	2,827,560	2,739,129	1,505,091	3,247,259	3,410,233	3,285,476
FEDERAL CROP INSURANCE CORPORATION										
Federal Crop Insurance Corporation fund.....	351	16,252	11,532	25,830	18,615	18,260	25,850	—2,363	—6,728	—20
FARMERS HOME ADMINISTRATION										
Disaster loans, etc., revolving fund.....	352	25,998	24,736	23,683	43,783	26,304	19,807	—17,785	—1,568	3,876
Farm tenant-mortgage insurance fund.....	352	16,296	16,387	22,679	9,481	15,150	14,244	6,815	1,237	8,435
Total, Farmers Home Administration.....		42,294	41,123	46,362	53,264	41,454	34,051	—10,970	—331	12,311
Total, public enterprise funds.....		6,133,365	6,202,067	4,862,759	2,899,439	2,798,843	1,564,992	3,233,926	3,403,224	3,297,767

ANALYSIS OF UNEXPENDED BALANCES

[In thousands of dollars]

Description	Balance, start of 1960		Balance, start of 1961		Balance, start of 1962		Balance, start of 1963	
	Unobligated	Total	Unobligated	Total	Unobligated	Total	Unobligated	Total
Enacted or recommended in this document:								
Appropriations:								
Salaries and expenses, Agricultural Research Service.....		15,650		19,061		23,084		26,918
Salaries and expenses (special foreign currency program), Agricultural Research Service.....			14,786	18,193		30,324		29,589
Construction of facilities, Agricultural Research Service.....					5,020	6,400	45	1,195
Animal disease laboratory facilities, Agricultural Research Service.....	1,066	12,431	909	4,323		123		
Research facilities, Agricultural Research Service.....	16	130		15				
Watershed protection, Soil Conservation Service.....	9,527	30,083	5,323	25,814		27,487		28,762
Flood prevention, Soil Conservation Service.....	2,846	9,625	4,462	10,816		12,124		11,587
Water conservation and utilization projects, Soil Conserva- tion Service.....	110	120	135	137	130	134	128	132
Great plains conservation program, Soil Conservation Service.....	629	13,042	461	15,171		15,553		17,296
Agricultural conservation program, Agricultural Conserva- tion Program Service.....	1	21,357	2	26,682		30,682		28,682
Emergency conservation measures, Agricultural Conservation Program Service.....	15,856	17,880	15,330	16,984	13,830	14,984	12,330	12,984
Perishable Agricultural Commodities Act fund, Agricultural Marketing Service (indefinite special fund).....	388	426	345	395	186	277	27	118
Removal of surplus agricultural commodities, Agricultural Marketing Service (indefinite).....	300,000	307,626	300,000	327,043	300,000	337,043	300,000	337,043
Salaries and expenses (special foreign currency program), Foreign Agricultural Service.....			3,509	11,553		15,068		7,638
Soil bank program, Commodity Stabilization Service.....		1,087	44,359	16,936	9,639	43,912		16,205
Salaries and expenses, Centennial Observance of Agriculture.....							27	52
Access roads, Forest Service.....			1,000	1,000				
Acquisition of lands for national forests, Forest Service:								
Superior National Forest.....	15	164	1	37		237		187
Special acts (indefinite special fund).....		21		25		25		25
Cache National Forest.....	88	100	122	135		85		35
Assistance to States for tree planting, Forest Service.....	2	27		7		1		1
Expenses, brush disposal, Forest Service.....	1,828	3,498	4,289	5,767	5,888	6,767	6,388	7,367
Forest fire prevention, Forest Service.....	1	3	5	6		6		6
Restoration of forest lands and improvements, Forest Service.....	7	8	7	7		37		47
Construction of warehouse and related facilities, Salt Lake City, Utah, Forest Service.....			25	25				
Other.....		42,374		42,710		46,167		53,808
Subtotal.....	332,380	475,652	395,070	542,842	334,693	610,520	318,945	579,677
Balances of anticipated pay increase supplementals included above.....						-1,472		
Total, appropriations.....	332,380	475,652	395,070	542,842	334,693	609,048	318,945	579,677
Authorizations to expend from debt receipts:								
Soil bank programs, Commodity Stabilization Service.....	42	22	1	1				
Rural electrification and telephone loans, Rural Electrifica- tion Administration.....	210,613	967,024	135,629	886,019	27,629	788,019	129	673,019
Farm ownership, farm operating, and soil and water con- servation loans, Farmers Home Administration.....		5,548		2,111		3,221		1,111
Farm housing loans, Farmers Home Administration.....	337,462	342,574	297,462	299,324		1,915		15
Commodity Credit Corporation fund.....	1,228,201	1,626,000	1,455,775	1,780,537	787,581	1,104,000	512,626	847,000
Total, authorization to expend from debt receipts.....	1,776,318	2,941,168	1,888,867	2,967,992	815,210	1,897,155	512,755	1,521,145
Contract authorizations: Forest roads and trails, Forest Service.....	30,499	38,664	30,393	40,664	35,000	45,664	37,500	50,664
Revolving and management funds:								
Advances and reimbursements, Agricultural Marketing Service.....	17	106	14	87		37		37
Local administration, sec. 388, Commodity Stabilization Service.....	1,714	5,479		3,983		3,983		3,983
Federal Crop Insurance Corporation fund.....	38,710	41,184	41,727	43,548	47,939	50,276	46,979	50,296
Disaster loans, etc., revolving fund, Farmers Home Admin- istration.....	67,958	63,758	84,489	81,543	86,184	83,111	82,392	79,235
Farm tenant-mortgage insurance fund, Farmers Home Ad- ministration.....	2,919	1,616	3,725	1,046	3,659	891	3,982	781
Commodity Credit Corporation (fund).....		33,366		28,896		28,970		29,019
Working capital fund, Agricultural Research Center.....	125	415	177	470	183	463	189	469
Working capital fund, Department of Agriculture, Office of Secretary.....	224	332	199	442	231	432	253	434
Working capital fund, Forest Service.....	614	1,945	163	2,443	-571	2,543	-641	2,543
Other.....		1,531		1,578		1,581		1,581
Total, revolving and management funds.....	112,281	149,732	130,494	164,036	137,625	172,287	133,154	168,378

ANALYSIS OF UNEXPENDED BALANCES—Continued

[In thousands of dollars]

Description	Balance, start of 1960		Balance, start of 1961		Balance, start of 1962		Balance, start of 1963	
	Unobligated	Total	Unobligated	Total	Unobligated	Total	Unobligated	Total
Proposed for later transmission:								
Appropriations, other than pay increase supplementals.....						72,024		500
Anticipated pay increase supplemental appropriations.....						1,472		
Total, proposed for later transmission.....						73,496		500
Total, Department of Agriculture.....	2,251,478	3,605,216	2,444,826	3,715,534	1,322,528	2,797,650	1,002,354	2,320,364

SUMMARY OF BUDGET AUTHORIZATIONS, EXPENDITURES, AND BALANCES

[In thousands of dollars]

Description	1960 actual	1961 estimate	1962 estimate
New obligational authority.....	5,683,542	5,361,471	5,508,982
Unobligated balances brought forward, start of year.....	2,251,478	2,444,826	1,322,528
Unobligated balances lapsing (—).....	—151,658	—539,305	—204,383
Unobligated balances carried forward, end of year (—).....	—2,444,826	—1,322,528	—1,002,354
Obligations incurred, net.....	5,338,536	5,944,464	5,624,773
Obligated balances brought forward, start of year.....	1,353,738	1,270,708	1,475,122
Adjustments of obligated balances in expired accounts.....	—2,671		
Transfers of obligated balances from other agencies, net.....		—1,106	
Obligated balances carried forward, end of year.....	—1,270,708	—1,475,122	—1,318,010
Budget expenditures.....	5,418,895	5,738,943	5,781,885

RECAPITULATION OF BUDGET AUTHORIZATIONS AND EXPENDITURES

BY FUNCTION

[In thousands of dollars]

Function and subfunction	New obligational authority			Expenditures		
	1960 enacted	1961 estimate	1962 estimate	1960 actual	1961 estimate	1962 estimate
International affairs and finance:						
152 Economic and financial assistance.....	104,508	115,000	255,685	95,500	275,185	140,868
Labor and welfare:						
217 Other welfare services and administration.....	220,388	229,668	421,181	234,013	245,100	249,500
Agriculture and agricultural resources:						
351 Stabilization of farm prices and farm income.....	3,573,383	2,963,531	3,017,486	3,278,038	3,264,034	3,395,917
352 Financing farm ownership and operation.....	262,990	301,099	224,642	248,729	263,552	230,634
353 Financing rural electrification and rural telephones.....	274,632	320,024	255,024	330,422	327,863	340,024
354 Conservation and development of agricultural land and water resources.....	709,849	749,567	753,024	691,515	740,599	773,135
355 Research and other agricultural services.....	327,418	358,851	352,098	292,535	335,702	357,231
Total, agriculture and agricultural resources.....	5,148,272	4,693,072	4,602,274	4,841,239	4,931,750	5,096,941
Natural resources:						
402 Conservation and development of forest resources.....	210,374	323,731	229,842	204,893	246,961	292,676
Commerce, housing, and space technology:						
517 Other aids to housing.....				43,250	39,947	1,900
Total, Department of Agriculture.....	5,683,542	5,361,471	5,508,982	5,418,895	5,738,943	5,781,885

Budget expenditures of the Department of Agriculture in 1962 are estimated at \$5,782 million which is \$43 million more than is estimated for 1961. The estimated expenditures for 1962 are \$763 million more than the average for 1956, 1957, and 1958, but \$1.3 billion less than in the peak year of 1959 (see table 1). New obligatory authority for 1962 is estimated at \$5,509 million as compared with \$5,361 million in 1961 and \$5,684 million enacted for 1960.

While most of the activities of the Department of Agriculture are of special benefit, directly or indirectly, to farmers and rural people, many of them are of substantial benefit also to the public generally. For example, basic scientific research carried on by the Department of Agriculture contributes to the sum total of scientific

knowledge, and is available for general use as well as to improve the scientific basis for the solution of specific problems of immediate interest to farmers. Similarly, many of the regulatory programs protect consumers generally even though they may be designed principally to give protection to farmers as producers. Conservation programs are designed to conserve soil and related water resources and to promote their best long-time use in the interest of the Nation as a whole. Because of the economic interdependence of the agricultural and many other sectors of the economy, even those agricultural programs that are designed specifically to raise and stabilize farm income often have an indirect impact on the level and stability of the incomes of related nonfarm sectors of the economy.

Table 1.—DEPARTMENT OF AGRICULTURE: EXPENDITURES FOR PRINCIPAL PROGRAMS, 1956-62

[In millions of dollars]

Program or agency	1956	1957	1958	1959	1960	1961 estimate	1962 estimate ¹
Price support, supply, and related commodity disposal programs (through Commodity Credit Corporation).....	3,699	2,857	2,358	4,289	3,072	3,261	3,225
Price support, supply and purchase programs.....	(2,898)	(1,087)	(987)	(2,775)	(1,480)	(1,423)	(1,537)
Public Law 480.....	(709)	(1,463)	(1,194)	(1,120)	(1,327)	(1,560)	(1,444)
International Wheat Agreement.....	(92)	(90)	(82)	(48)	(66)	(72)	(71)
Transfer of bartered materials to supplemental stockpile.....		(217)	(74)	(315)	(192)	(208)	(175)
Military housing.....			(11)	(31)	(6)	(-2)	(-2)
National Wool Act.....	2	61	57	20	93	62	66
Special milk program.....	45	56	67	75	81	90	94
Administration of acreage allotments and marketing quotas (Commodity Stabilization Service).....	39	40	41	42	40	44	45
Soil bank acreage reserve.....	4	344	620	673			
Sugar Act program.....	65	67	70	67	74	74	85
Removal of surplus agricultural commodities.....	179	171	125	141	90	100	110
School lunch program.....	83	99	100	144	153	155	155
Rural credit programs:							
Rural Electrification Administration.....	217	267	297	315	330	328	340
Farmers Home Administration.....	189	276	272	306	292	303	233
Conservation and resource development:							
Forest Service.....	130	151	164	190	205	247	293
Agricultural conservation program.....	222	249	235	246	237	236	234
Conservation reserve.....		13	113	175	324	354	377
Soil Conservation Service.....	83	88	99	125	131	151	163
Research, education, and other agricultural programs:							
Agricultural Research Service.....	110	120	132	174	172	190	201
Marketing research and service (Agricultural Marketing Service).....	24	25	28	39	38	47	48
Extension Service.....	48	52	59	63	64	68	70
Other.....	38	70	38	7	22	29	43
Total.....	5,177	5,006	4,875	7,091	5,419	5,739	5,782

¹ Includes proposed legislation.

Activities financed through the Commodity Credit Corporation.—Budget expenditures of the Commodity Credit Corporation for 1962 are estimated at \$3,285 million, which is 57% of estimated total expenditures of the Department of Agriculture for that year. Most of the Corporation's expenditures are made to finance price support, supply, and related commodity disposal programs of the Department. These programs, which account for \$3,225 million of the estimated total expenditures of the Corporation in 1962, include principally the regular price support programs, the surplus disposal operations under the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480), and the International Wheat Agreement. Certain other programs of the Department also are financed through the Corporation—for example, incentive payments to farmers under the National Wool Act, the special milk program (through 1961), and interim financing of a part of the cost of the agricultural conservation program through loans to the Secretary of Agriculture.

Budget expenditures of the Corporation consist largely of gross outlays for loans, commodity purchases, financing

or subsidizing exports, payments to producers, and storage and transportation costs; less applicable receipts, which are principally from commodity sales and collections on loans. These expenditures for a particular year are sometimes confused with the realized costs and losses reported by the Corporation for the same year. Although the realized costs and losses of the Corporation approximate net budget expenditures over an extended period of years, they may diverge sharply for any short period. The divergence would be especially great, for example, in a period in which a decline in the Corporation's commodity acquisitions, new loans, and related outlays is accompanied by a sharp reduction in commodity inventories. Gross expenditures under these circumstances would tend to fall and receipts would tend to rise, with net budget expenditures declining. But since commodity inventories usually are disposed of at a substantial loss, the realized losses in such a period would tend to rise. In 1957, a year in which heavy inventory liquidation and moderately reduced commodity acquisitions were accompanied by reduced price support outlays (see table 2), the Corpora-

tion's realized costs and losses amounted to \$4.2 billion whereas its net budget expenditures were \$3.4 billion, including expenditures of the soil bank programs in that year.

TABLE 2.—COMMODITY CREDIT CORPORATION: COMMODITY INVENTORY OPERATIONS AND INVESTMENT IN COMMODITIES AND LOANS 1956-62

[In millions of dollars]

Year	Commodity acquisitions (fiscal year)	Commodity dispositions (fiscal year)	Investment (end of fiscal year)		
			Commodity inventory	Commodity and storage facility loans	Total
1956.....	3,741	2,747	5,984	2,319	8,303
1957.....	3,610	4,222	5,372	1,994	7,366
1958.....	3,545	3,461	5,456	1,600	7,056
1959.....	3,356	2,611	6,201	2,480	8,681
1960.....	4,620	3,598	7,223	1,347	8,570
1961 estimate.....	3,946	3,740	7,429	1,263	8,692
1962 estimate.....	2,391	2,188	7,632	1,447	9,079

Related activities financed outside the Commodity Credit Corporation.—A number of agricultural programs that have a price- and income-supporting effect are carried on independently of the Commodity Credit Corporation. One of these is the Sugar Act program, which is expected to require expenditures of \$85 million for payments to sugar growers and administrative expenses in 1962. This is a somewhat higher amount than in the period 1956-61 (table 1). While these payments represent income supplements for growers, the price-supporting feature stems mainly from the authority of the Secretary of Agriculture to set an upper limit on the amount of sugar that may be marketed in the domestic market. In 1962 the sugar processing tax is expected to yield \$92 million, and the sugar import tax is expected to yield \$6 million. For the 20-year period 1941-60, total sugar tax collections have exceeded payments to growers by about one-third.

The program for the removal of surplus agricultural commodities, which dates from 1935 and is financed through a permanent appropriation, exerts a general price- and income-supporting effect through purchases of surplus commodities in the market and distribution through the school lunch program, relief agencies and other institutions caring for the needy. Purchases are restricted to the amounts that can be distributed through such outlets. Expenditures under this program are estimated at \$100 million in 1961 and \$110 million in 1962, which is somewhat higher than actual expenditures in 1960 but only about 63% of the average amount for 1956 and 1957. The surplus removal authority of the Secretary of Agriculture under this program parallels to some extent the authority of the Commodity Credit Corporation, with the result that year-to-year changes in expenditures under this program sometimes reflect variations in the extent of the activities of the Commodity Credit Corporation in this field as well as the need to remove price-depressing surpluses from the market.

The Federal contribution to the school lunch program is financed in part by a direct appropriation, in part by a transfer of funds from the permanent appropriation for the removal of surplus agricultural commodities, and in part by Government donations of commodities acquired under the surplus removal authority and in the price support operations. Because of its primary purpose, the school

lunch program is classified under labor and welfare in the functional classification. However, it contributes indirectly, by increasing consumption, to the objective of supporting farm prices and income. Total expenditures, excluding commodity donations, under this program are estimated at \$155 million in 1962, which is approximately the same as in 1960 and 1961. In 1956 and 1957, total expenditures were less than \$100 million.

Of the remaining programs shown in table 1, the conservation reserve contributes most directly to the price and income support objectives. Rental payments represent cash receipts for farm owners, but the principal impact on farm prices is through the withdrawal of land from production with the objective of reducing agricultural output. The present program, under which the authority to enter into new contracts expired on December 31, 1960, is expected to require expenditures in 1962 of \$357 million; and under proposed legislation extending the program additional expenditures of \$19 million will be required in 1962.

From the foregoing brief description of the several programs that involve farm price and income supports, it can be seen that budget expenditures for these programs are not a direct measure of the extent to which the programs increase the incomes of farmers as individuals or groups. While the connection between budget expenditures and the extent of income supplements for farmers is reasonably direct in a cash payment program such as that provided for under the National Wool Act, it is not so clear for other programs. For example, because of the inelastic demand for many farm commodities, a commodity acquisition program involving relatively small expenditures may result in a marked increase in the short-run in the incomes of the producers affected, particularly if the commodities are disposed of in such a way that they do not reenter the market. The results would be quite different, however, if a part of the commodities were permitted to reenter the market at some other point. The extent of the benefits received by farmers and rural people from the several types of programs described above, therefore, can be determined only on the basis of rather involved economic analysis.

Rural credit programs.—While the several programs carried out by the Commodity Credit Corporation utilize the loan contract as one of several program devices, the primary impact on farmers and rural people of the Corporation's loan activities is through their effect on farm commodity prices. In those programs, loans perform only to a limited extent their normal function of transferring control over capital resources, and represent more nearly a deferred purchase of farm commodities. Under the loan programs administered by the Rural Electrification Administration and the Farmers Home Administration, the Federal Government makes available capital resources to rural people and groups for specified purposes. Any effects on farm commodity prices and income are quite indirect. The impact on rural people and the rural economy is mainly through the added availability of capital and the favorable terms and conditions of the loans.

Expenditures of the Rural Electrification Administration in 1962 are estimated at \$340 million. Repayments on outstanding loans are expected to be about \$125 million. These repayments are returned to miscellaneous receipts of the Treasury, and expenditures of the Rural Electrification Administration are included in the budget on a gross basis.

A part of the expenditures for the activities administered by the Farmers Home Administration are reported on a net basis and a part on a gross basis. The disaster loan revolving fund and the farm tenant mortgage insurance fund are operated as revolving funds and reported on a net basis. The other programs of this loan agency are reported on a gross basis, and, as in the case of the Rural Electrification Administration, loan repayments are returned to the Treasury as miscellaneous receipts. Under existing legislation expenditures of the Farmers Home Administration are estimated at \$233 million. Under legislation considered by the Congress last year and again recommended, all of the operations of this agency would be reported on a revolving fund basis.

Conservation and resource development programs.—Conservation and development of forests, agricultural land and related water resources are major activities of the Department of Agriculture. Most of the activities in this area are carried on in the following agencies or programs: (1) Forest Service, (2) the agricultural conservation program, (3) Soil Conservation Service, and (4) the conservation reserve program. Total expenditures for these programs in 1962 are estimated at \$1,067 million, which accounts for 18% of total budget expenditures estimated for the Department in 1962.

Expenditures for this group of programs have risen steadily in recent years. The estimated total for 1962 is 2.4 times that for 1956. Excluding the conservation reserve, which appeared first as a budget item in 1957, the estimated total in 1962 is \$690 million, which is almost 1.6 times the total of \$435 million for these programs in 1956. The growth of expenditures under the conservation reserve reflects the prominent place that land retirement has occupied as an aid in dealing with agricultural surpluses.

The growth of expenditures of the Soil Conservation Service shown in table 1 reflects a steady rise of the expenditures for regular conservation operations, from \$63 million in 1956 to \$89 million estimated for 1962, combined with much more rapid growth in the other programs

administered by that agency. The watershed protection and Great Plains programs have been in the developmental stages in the period since 1956. In that year programs other than the regular conservation operations accounted for less than one-fourth of the expenditures of the Soil Conservation Service, whereas estimated expenditures for these programs in 1962 account for 45% of the total.

Research, education, and other agricultural programs.—Activities concerned with research, dissemination of information relating to agriculture, administration of regulations relating to agricultural production and marketing, promotion of export markets for farm commodities and other related programs are among the oldest in the Department of Agriculture. Unlike the programs such as those administered through the Commodity Credit Corporation and the credit programs of the Department, most of the expenditures of these programs are for salaries and operating expenses. The benefits accrue in part in the form of services of particular interest to the agricultural industry and rural people and also as indirect benefits to a much wider group.

Expenditures for the three programs in this group that are set out specifically in table 1 have risen substantially since 1956. Estimated expenditures for the Agricultural Research Service of \$201 million for 1962 are 1.8 times the expenditures for 1956; the \$70 million of estimated 1962 expenditures for the Extension Service are almost 1.5 times the 1956 level; and estimated 1962 expenditures of \$48 million for marketing research and service under the Agricultural Marketing Service are twice the 1956 level. Estimated expenditures under these three programs in 1962 are 74% higher than in 1956.

The residual group in table 1 includes a number of programs and agencies, among which are the following: The Office of the Secretary of Agriculture, the Office of the General Counsel, the Office of Information, the Federal Crop Insurance Corporation, the Foreign Agricultural Service, and certain miscellaneous programs and activities.

AGRICULTURAL RESEARCH SERVICE

Current authorizations:

SALARIES AND EXPENSES

For expenses necessary to perform agricultural research relating to production, utilization, and home economics, to control and eradicate pests and plant and animal diseases, and to perform related inspection, quarantine and regulatory work, and meat inspection: *Provided*, That not to exceed \$75,000 of the appropriations hereunder shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (5 U.S.C. 574), as amended by section 15 of the Act of August 2, 1946 (5 U.S.C. 55a): *Provided further*, That appropriations hereunder shall be available for the operation and maintenance of aircraft and the purchase of not to exceed two, of which one shall be for replacement only: *Provided further*, That appropriations hereunder shall be available pursuant to title 5, United States Code, section 565a, for the construction, alteration, and repair of buildings and improvements, but unless otherwise provided, the cost of constructing any one building (except headhouses connecting greenhouses) shall not exceed \$15,000, except for five buildings to be constructed or improved at a cost not to exceed \$30,000 each, and the cost of altering any one building during the fiscal year shall not exceed \$5,000 or 5 per centum of the cost of the building, whichever is greater: *Provided further*, That the limitations on alterations contained in this Act shall not apply to conversion of animal disease and parasite research facilities at Beltsville, Maryland:

Research: For research and demonstrations on the production and utilization of agricultural products, home economics, and related research and services, including administration of payments to State agricultural experiment stations, [\$68,827,200] \$79,620,000: *Provided*, That the limitations contained herein shall not apply to replacement of buildings needed to carry out the Act of April 24, 1948 (21 U.S.C. 113a): *Provided further*, That the Secretary of Agriculture may sell the Entomology Research Laboratory at Orlando, Florida, in such manner and upon such terms and conditions as he deems advantageous and the proceeds of such sale shall remain available until expended for the establishment of an entomology research laboratory: *Provided further*, That in the establishment of such laboratory the Secretary may acquire land therefor by donation or exchange;

Plant and animal disease and pest control: For operations and measures, not otherwise provided for, to control and eradicate pests and plant and animal diseases and for carrying out assigned inspection, quarantine, and regulatory activities, as authorized by law, including expenses pursuant to the Act of February 28, 1947, as amended (21 U.S.C. 114b-[d]c), [\$52,236,000] \$55,045,000, of which \$1,500,000 shall be apportioned for use pursuant to section 3679 of the Revised Statutes, as amended, for the control of outbreaks of insects and plant diseases to the extent necessary to meet emergency conditions: *Provided*, That no funds shall be used to formulate or administer a brucellosis eradication program for fiscal year 1963 that does not require minimum matching by any State of at least 40 per centum: *Provided further*, That the Secretary is authorized to acquire land for the plant pest control activities presently located at Gulfport, Mississippi;

Meat inspection: For carrying out the provisions of laws relating to Federal inspection of meat, and meat-food products, and the applicable provisions of the laws relating to process or renovated butter, [\$21,562,000;] \$23,801,000.

[Special fund: To provide for additional labor to be employed under contracts and cooperative agreements to strengthen the work at research installations in the field, not more than \$1,000,000 of the amount appropriated under this head for the fiscal year 1960 may be used by the Administrator of the Agricultural Research Service in departmental research programs in the fiscal year 1961, the amount so used to be transferred to and merged with the appropriation otherwise available under "Salaries and expenses, Research".]

[For an additional amount for "Salaries and expenses", for "Research", \$1,500,000.] (5 U.S.C. 511-512, 524, 541c-541e, 563-564, 565a, 576, 2131; 7 U.S.C. 135-135k, 145-164a, 166-167, 281-283, 361a-361i, 391, 394-396, 401-404, 421-422a, 424-425, 427, 427i, 428a, 429-431, 433-434, 436-437, 851-855, 1292, 1651-1656, 1704, 1901-1906; 15 U.S.C. 69e; 16 U.S.C. 581-581a, 581f, 590a-590b, 590f, 590k; 18 U.S.C. 287; 19 U.S.C. 1201, 1306; 20 U.S.C. 191-194; 21 U.S.C. 71-91, 94-96, 98, 101-105, 111-114c, 114e-128, 130-131, 151-153, 342a, 346, 346a; 26 U.S.C. 4817, 7235c; 31 U.S.C. 725a; 42 U.S.C. 1891-1893; 45 U.S.C. 71-74; 46 U.S.C. 466a-466b; 48 U.S.C. 138, 1409m-1409o; 49 U.S.C. 1474(a), 1509(d); 46 Stat. 67; Department of Agriculture and Farm Credit Administration Appropriation Act, 1961; Supplemental Appropriation Act, 1961.)

Program and Financing (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
1. Research:			
(a) Farm research.....	46,390	56,126	57,558
(b) Utilization research and development.....	16,071	18,071	18,192
(c) Home economics research.....	2,114	2,356	2,636
(d) Administration of payments to States, and research in Alaska, Puerto Rico, and Virgin Islands.....	1,096	1,228	1,234
Total, research.....	65,671	77,781	79,620
2. Plant and animal disease and pest control:			
(a) Plant disease and pest control.....	20,938	25,224	26,100
(b) Animal disease and pest control.....	24,857	28,625	28,945
Total, plant and animal disease and pest control.....	45,795	53,849	55,045
3. Meat inspection.....	20,567	23,126	23,801
Total program costs ¹	132,033	154,756	158,466
4. Relation of costs to obligations:			
Costs financed from obligations of other years, net (—).....		—2,886	-----
Obligations incurred for costs of other years, net.....	4,168	-----	-----
Total obligations.....	136,201	151,870	158,466
Financing:			
Comparative transfers to other accounts.....	1	-----	-----
Unobligated balance lapsing.....	3,646	-----	-----
New obligational authority.....	139,848	151,870	158,466
New obligational authority:			
Appropriation.....	138,848	144,125	158,466
Reappropriation.....	1,000	1,000	-----
Proposed supplemental due to pay increases.....	-----	6,745	-----

¹ Includes capital outlay as follows: 1960, \$5,197 thousand; 1961, \$4,686 thousand; 1962, \$5,031 thousand.

The Service conducts basic and applied research relating to the production and utilization of agricultural products, and to human nutrition and home economics, and carries out those control and regulatory programs of the Department which involve enforcement of plant and animal quarantines, meat inspection, the control of diseases and insect pests of animals and plants, and related work.

During 1960, the Service acquired at no cost property declared excess by other Federal agencies with an original acquisition cost to the Government of \$2,631 thousand. The current fair value of this property is estimated at \$315 thousand. About half of this amount was for expendable materials and most of the remainder for upgrading or providing additional necessary equipment. Congress authorized the acquisition of certain real estate without cost. The real estate so acquired in 1960 is valued at about \$365 thousand.

1. *Research*—(a) *Farm research*.—Improved breeding, feeding, and management practices are developed for farm livestock, poultry, and domestic fur animals. Practical methods are sought for control of diseases and parasites affecting them.

Investigations are conducted to improve varieties of food, feed, fiber and other plants, and to develop new crops; to improve crop-production practices, including methods to control plant diseases and nematodes; and to improve chemical, biological, and other methods for con-

AGRICULTURAL RESEARCH SERVICE—Continued**Current authorizations—Continued****SALARIES AND EXPENSES—Continued**

trol of harmful insects and other pests affecting farm production.

Research is conducted to improve fertilizers, soil management, irrigation, and conservation practices; to study hydrologic problems of agricultural watersheds; to determine the relation of soils to plant, animal, and human nutrition; and to apply engineering principles to improve efficiency and reduce costs of agricultural production.

Farm economics research is conducted on profitable adjustments in farming by type and size of farm; on efficiency in use of labor, equipment, land, and water; and on related economic problems, especially on adjustments in farming which may increase farmers' income without increase in output of farm products currently surplus to need.

Continuous review is maintained to emphasize work which will meet the problems of agricultural surpluses. The research is aimed at the profitable production of an adequate supply of food, feed, fiber, and other agricultural products of desired quality at minimum costs. Increased attention has been given to the production of agricultural products having industrial uses. Development of improved ginning processes and equipment is currently emphasized in order to avoid heat and other damage to cotton fiber during ginning. More than \$1.6 million of research funds are now used for the introduction and development of new crops.

The proportion of farm research funds going into basic research has steadily increased, and is currently estimated at 33% of the total funds for farm research. This basic research undergirds the other research efforts.

The estimates for 1962 propose increases for additional research at the new National Animal Disease Laboratory, Ames, Iowa, which will be completed in 1961; for partial staffing and operating costs at new cotton and grain insect laboratories to be ready for operation early in fiscal year 1962; and for research on tobacco quality and development of mechanized systems of tobacco production, on pear decline, and on farm adjustment problems. The direct appropriation of \$1 million is also proposed for employment of additional labor at research field stations in lieu of the special fund provided for this purpose in 1961 by reappropriation.

(b) *Utilization research and development.*—Chemical, physical, and biological research is conducted to develop increased industrial uses of farm products, and new and improved foods, feeds, and fabrics; and to develop improved methods for processing agricultural commodities.

(c) *Home economics research.*—Studies are made of human nutrition, household economics, and clothing and housing. The 1962 estimates include an increase proposed for research on the biological values of food for human nutrition. Such information is needed to guide future food programs.

(d) *Administration of payments to States, and research in Alaska, Puerto Rico, and Virgin Islands.*—Research under Federal grant funds at each State agricultural experiment station is coordinated with research conducted by other States and by agencies of the Department. The Secretary's responsibilities for the proper administration of these funds are financed under this appropriation (\$419 thousand estimated for 1961) and 3% of the grant funds.

Research stations are operated in Alaska, Puerto Rico, and the Virgin Islands.

2. *Plant and animal disease and pest control.*—(a) *Plant disease and pest control.*—Provision is made (1) through port-of-entry inspection to exclude from this country destructive insects, plant diseases, and nematodes that cause great damage to agricultural crops in other parts of the world; (2) to cooperate with States in eradicating or preventing spread of crop pests that become established in this country; and (3) to assist States in suppressing incipient and emergency outbreaks of crop pests when and where they occur. The Federal Insecticide, Fungicide, and Rodenticide Act, as amended, and related provisions of the Federal Food, Drug, and Cosmetic Act are administered. An increase is proposed in 1962 for plant quarantine protection necessary because of increased travel and shipping. The volume of workload is indicated in the following table (in thousands):

	1958 actual	1959 actual	1960 actual
Inspections at ports of entry:			
Airplanes.....	121	134	139
Vessels.....	55	59	60
Vehicles from Mexico.....	19,434	21,120	22,657
Baggage, pieces of.....	17,277	21,331	22,025
Interceptions of unauthorized plant material.....	311	320	314

(b) *Animal disease and pest control.*—Programs are conducted to exclude communicable diseases of foreign origin from this country; to prevent the spread of diseases through interstate shipments of livestock or distribution of impure or impotent veterinary biologics; to control and eradicate livestock diseases; and to maintain, through a marketing agreement with manufacturers and handlers, adequate supplies of hog cholera virus and serum for protection of swine. The estimates for 1962 propose an increase for animal disease control work at the new National Animal Disease Laboratory, Ames, Iowa.

The volume of protective activities is indicated by selected examples in the following table (in thousands):

	1958 actual	1959 actual	1960 actual
Animal import inspection:			
All animals.....	1,127	1,150	783
Import animal byproducts:			
Wool, bone, glands, etc., pounds.....	590,000	664,611	965,480
Hides and skins.....do.....	303,000	364,489	360,043
Sheep inspected for scabies.....	9,501	10,849	10,837
Scabies-infected sheep found.....	57	69	86
Cattle inspected for scabies.....	2,139	5,855	6,927
Scabies-infected cattle found.....	1	9	30
Inspections and dippings for cattle fever ticks.....	2,832	2,097	1,685
Cattle tested for tuberculosis.....	8,884	8,187	9,440
Tuberculosis reactors found.....	15	19	14
Cattle tested for brucellosis:			
Blood tests.....	16,251	14,169	12,468
Ring tests.....	30,927	30,693	30,764
Brucellosis reactors found.....	260	214	148
Animals inspected at public stockyards.....	62,918	62,813	65,500
Diseased animals received or found.....	352	435	446
Supervision of production of veterinary biologics:			
Hog-cholera virus and anti-hog-cholera serum.....doses.....	40,669	44,232	41,645
Hog-cholera vaccine.....do.....	36,800	44,068	38,035
Other vaccines.....do.....	2,369,890	3,676,452	3,394,411
Total bacterins.....do.....	108,803	130,021	121,224
Diagnostic agents.....do.....	66,791	75,281	62,097
Other serums.....do.....	10,773	11,799	9,832

3. *Meat inspection.*—Federal meat inspection is required for all meat in interstate commerce and is conducted to assure a clean and wholesome meat supply for human consumption, free from adulteration, and truthfully

labeled. The work includes inspection of animals, carcasses and meat, and meat-food products at various stages of handling and processing. Measures are enforced to insure informative labeling, and meats imported or exported are inspected. The estimates for 1962 include a proposed increase for additional inspection staff to service the expanding demand for Federal meat inspection.

The volume of inspections and examinations is indicated by examples given in the following table:

	1958 actual	1959 actual	1960 actual
Number of establishments covered.....	1,300	1,334	1,396
Cities in which plants are located.....	518	546	572
Inspections of live animals.....	97,604,152	99,419,254	107,504,884
Post mortem inspections.....	97,599,295	99,414,897	107,499,826
Animals and carcasses condemned.....	264,393	242,329	255,632
Inspection of processed meat and meat-food products (million pounds).....	16,792	17,618	18,698

4. *Relation of costs to obligations.*—The relationship is derived from year-end balances of selected resources and applicable adjustment as reflected in the following table (in thousands of dollars):

	1959 actual	1960 actual	1961 estimate	1962 estimate
Selected resources at end of year: Inventories and items on order:				
Stores (goods unconsumed by projects).....	441	434	534	534
Unpaid undelivered orders (appropriation balances obligated for goods and services on order not yet received).....	5,784	9,353	6,367	6,367
Advances (payments for goods and services on order not yet received).....	942	1,104	1,104	1,104
Total selected resources at end of year.....	7,167	10,891	8,005	8,005
Selected resources at start of year.....		-7,167	-10,891	-8,005
Adjustment of prior year costs and selected resources reported at start of year.....		444		
Costs financed from obligations of other years, net (—).....			-2,886	
Obligations incurred for costs of other years, net.....		4,168		

Object Classification (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
AGRICULTURAL RESEARCH SERVICE			
11 Personnel compensation:			
Permanent positions.....	84,785	96,977	101,060
Positions other than permanent.....	3,942	4,618	4,981
Other personnel compensation.....	1,516	1,330	971
Total personnel compensation.....	90,243	102,925	107,012
12 Personnel benefits.....	5,980	7,817	8,137
21 Travel and transportation of persons.....	4,124	4,452	4,555
22 Transportation of things.....	730	808	843
23 Rent, communications, and utilities.....	2,202	2,634	2,923
24 Printing and reproduction.....	681	781	787
25 Other services.....	9,400	11,485	11,632
Services of other agencies.....	4,390	4,309	4,529
26 Supplies and materials.....	8,915	9,314	10,225
31 Equipment.....	3,882	3,780	4,612
32 Lands and structures.....	826	906	619
42 Insurance claims and indemnities:			
Indemnities:			
Tuberculosis.....	362	370	370
Brucellosis.....	1,633	2,100	2,100
Scrapie of sheep.....	239	200	200
Anaplasmosis.....	1	1	1
Claims—Federal Tort Claims Act.....	5		
Payment to Mexican-United States Commission for the Prevention of Foot-and-Mouth Disease.....	23	26	26
Subtotal.....	133,636	151,908	158,571
Deduct quarters and subsistence charges.....	106	105	105
Total, Agricultural Research Service.....	133,530	151,803	158,466

Object Classification (in thousands of dollars)—Continued

	1960 actual	1961 estimate	1962 estimate
ALLOCATION TO GENERAL SERVICES ADMINISTRATION			
25 Other services.....	121	44	
32 Lands and structures.....	2,550	23	
Total, General Services Administration.....	2,671	67	
Total obligations.....	136,201	151,870	158,466

Personnel Summary

Total number of permanent positions.....	16,232	16,609	17,238
Full-time equivalent of other positions.....	1,072	1,200	1,290
Average number of employees.....	15,359	16,241	17,031
Number of employees at end of year.....	17,282	17,950	18,510
Average GS grade.....	7.6	7.7	7.7
Average GS salary.....	\$6,096	\$6,621	\$6,622
Average salary of ungraded positions.....	\$4,168	\$4,402	\$4,394

SALARIES AND EXPENSES (SPECIAL FOREIGN CURRENCY PROGRAM)

For purchase of foreign currencies which accrue under title I of the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1704), for market development research authorized by section 104(a), and for agricultural and forestry research authorized by section 104(k) of that Act, to remain available until expended, [\$15,131,000: *Provided*, That the dollar value of the unexpended balances, as of June 30, 1960, of allocations of foreign currencies heretofore made available to the Agricultural Research Service for the foregoing purposes of section 104(a) is appropriated as of that date and shall be merged with this appropriation: *Provided further*, That funds appropriated herein shall be used to purchase such foreign currencies as the Department determines are needed and can be used most effectively to carry out the purposes of this paragraph, and such foreign currencies shall, pursuant to the provisions of section 104(a), be set aside for sale to the Department before foreign currencies which accrue under said title I are made available for other United States uses] \$5,265,000: *Provided*, That this appropriation shall not be used for the purchase of currencies available in the Treasury for the purposes of section 104(f) of such Act unless such currencies are excess to the normal requirements of the United States. (Department of Agriculture and Farm Credit Administration Appropriation Act, 1961.)

Program and Financing (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
1. Market development research (sec. 104(a)).....	715	2,742	4,354
2. Agricultural and forest research (sec. 104(k)).....	97	1,858	4,268
Total program costs.....	812	4,600	8,622
3. Relation of costs to obligations:			
Costs financed from obligations of other years, net (—).....			-3,357
Obligations incurred for costs of other years, net.....	2,212	28,412	
Total obligations.....	3,024	33,012	5,265
Financing:			
Comparative transfers from (—) other accounts.....	-793	-3,095	
Unobligated balance brought forward.....	-5,973	-14,786	
Adjustment due to changes in exchange rates to permit conversion to dollar equivalents.....	-19		
Unobligated balance carried forward.....	14,786		
Authorization to expend foreign currency receipts (net of appropriation to cover balances as of June 30, 1960).....	7,168		
New obligational authority (appropriation).....	18,193	15,131	5,265

Note.—The gross foreign currency authorization in 1960 was \$11,025 thousand. The schedule above covers foreign currency authorizations for 1960. The appropriation for 1960 was equal to the unexpended balance of previous foreign currency authorizations as of June 30, 1960. All transactions in 1961 and 1962 relate to appropriations.

AGRICULTURAL RESEARCH SERVICE—Continued

Current authorizations—Continued

SALARIES AND EXPENSES (SPECIAL FOREIGN CURRENCY PROGRAM)—Continued

Foreign currencies, generated by the sale of surplus agricultural commodities under title I of the Agricultural Trade Development and Assistance Act of 1954, are used by the Department for market development research under section 104(a) and for agricultural and forest research under section 104(k). Work is carried on through contracts or grants, in both basic and applied fields, by research institutions and organizations in foreign countries. This research serves to develop new foreign markets and to expand existing markets for agricultural commodities, including cotton, dairy products, fats and oils, grain, feed, livestock and meat, poultry, fruits and vegetables, and tobacco. It also provides for supplementary research on farm, forest, marketing, utilization, and human nutrition problems. In 1962 this appropriation will be used to purchase only those currencies determined to be excess to the normal requirements of the United States, plus a small amount of Korean currency previously earmarked for use by the Department of Agriculture. Total estimated cost in U.S. dollars (charged to regular appropriations) of the initiation and supervision of projects in 1962 is \$310 thousand.

3. *Relation of costs to obligations.*—Year-end balances of unpaid undelivered orders (representing primarily work under contract not performed) are as follows: 1959, \$1,805 thousand; 1960, \$4,017 thousand; 1961, \$32,429 thousand; 1962, \$29,072 thousand.

Object Classification (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
11 Personnel compensation:			
Permanent positions.....	4	8	10
Positions other than permanent.....	2	6	6
Other personnel compensation.....	1	1	1
Total personnel compensation.....	7	15	17
12 Personnel benefits.....	16	25	31
21 Travel and transportation of persons.....	77	70	78
22 Transportation of things.....	1	7	2
23 Rent, communications, and utilities.....	1	1	2
25 Other services.....	2,907	32,870	5,107
Services of other agencies.....	14	23	25
26 Supplies and materials.....			1
31 Equipment.....	1	1	2
Total obligations.....	3,024	33,012	5,265

Personnel Summary

	1960 actual	1961 estimate	1962 estimate
Total number of permanent positions.....	2	5	5
Full-time equivalent of other positions.....	1	1	1
Average number of all employees.....	2	5	6
Number of employees at end of year.....	2	5	5
Average salary of ungraded positions.....	\$4,168	\$4,402	\$4,394

Analysis of Foreign Currency Expenditures (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Obligated balance brought forward.....	1,828		
Obligations incurred during year.....	2,234		
Obligated balance, end of year, transferred to appropriation.....	-3,407		
Expenditures.....	655		

Status of Unfunded Allocations (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Unfunded balance brought forward.....	2,109		
Allocations.....	11,025		
Adjustment due to changes in exchange rates to permit conversion to dollar equivalents.....	1		
Unfunded balance appropriated.....	-3,700		
Transfers into agency account.....	9,435		

CONSTRUCTION OF FACILITIES

For construction of facilities and acquisition of the necessary land therefor by donation or exchange, [\$2,550,000] \$550,000, to remain available until expended.

[For an additional amount for "Construction of Facilities", \$5,200,000.] (5 U.S.C. 565a; Department of Agriculture and Farm Credit Administration Appropriation Act, 1961; Supplemental Appropriation Act, 1961.)

Program and Financing (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
1. Construction of facilities (total program costs).....		1,426	5,879
2. Relation of costs to obligations:			
Costs financed from obligations of other years, net (-).....			-354
Obligations incurred for costs of other years, net.....		1,304	
Total obligations.....		2,730	5,525
Financing:			
Unobligated balance brought forward.....			-5,020
Unobligated balance carried forward.....		5,020	45
New obligational authority (appropriation).....		7,750	550

Funds were appropriated in 1961 for construction of facilities for poultry research at Athens, Ga., and State College, Miss.; for soil and water research at Twin Falls, Idaho, Pullman, Wash., and Bushland, Tex.; for entomology research at Gainesville, Fla.; for research on metabolism of agricultural chemicals in insects, plants, and livestock, and insect control through use of sterility techniques at Fargo, N. Dak.; for tobacco research at Lexington, Ky.; for tillage machinery research at Auburn, Ala.; for plant, soil, and nutrition research at Ithaca, N.Y.; and for a National Arboretum headquarters-laboratory building at Washington, D.C. Additional funds are requested for 1962 for facilities for research on biological control of insects at Columbia, Mo.

2. *Relation of costs to obligations.*—The year-end balances of unpaid undelivered orders are as follows: 1961, \$1,304 thousand; 1962, \$950 thousand.

Object Classification (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
AGRICULTURAL RESEARCH SERVICE			
25 Services of other agencies.....		92	15
32 Lands and structures.....			250
Total, Agricultural Research Service.....		92	265

Object Classification (in thousands of dollars)—Continued

	1960 actual	1961 estimate	1962 estimate
ALLOCATION TO GENERAL SERVICES ADMINISTRATION			
24 Printing and reproduction.....		6	15
25 Other services.....		228	190
32 Lands and structures.....		2,404	5,055
Total, General Services Administration.....		2,638	5,260
Total obligations.....		2,730	5,525

STATE EXPERIMENT STATIONS

Payments to States and Puerto Rico: For payments to agricultural experiment stations to carry into effect the provisions of the Hatch Act, approved March 2, 1887, as amended by the Act approved August 11, 1955 (7 U.S.C. 361a-361i), including administration by the United States Department of Agriculture, [\$32,053,000] \$34,053,000; and payments authorized under section 204(b) of the Agricultural Marketing Act, the Act approved August 14, 1946 (7 U.S.C. 1623), \$500,000; in all, [\$32,553,000] \$34,553,000.

Penalty mail: For penalty mail costs of agricultural experiment stations under section 6 of the Hatch Act of 1887, as amended, \$250,000. (39 U.S.C. 321q; *Department of Agriculture and Farm Credit Administration Appropriation Act, 1961*.)

Program and Financing (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
1. Payments to States and Puerto Rico:			
(a) Payments to agricultural experiment stations.....	30,825	31,815	33,755
(b) Federal administration.....	675	738	798
2. Penalty mail.....	250	250	250
Total program costs ¹	31,750	32,803	34,803
3. Relation of costs to obligations: Obligations incurred for costs of other years, net.....	20		
Total obligations.....	31,770	32,803	34,803
Financing:			
Unobligated balance lapsing.....	33		
New obligational authority (appropriation).....	31,804	32,803	34,803

¹ Includes capital outlay as follows: 1960, \$1 thousand; 1961, \$1 thousand; 1962, \$4 thousand.

Funds are allocated to agricultural experiment stations of the land-grant colleges in the States and Puerto Rico for agricultural research, including investigations and experiments to promote a permanent and efficient agricultural industry and improvements in the rural home and rural life. The States are contributing about \$3 for every \$1 paid by the Federal Government.

The proposed increase is to strengthen the cooperative research program at the agricultural experiment stations in the States and Puerto Rico.

The planned distribution of the grants for 1962 is (in thousands of dollars):

Distributed according to statutory formula.....	26,606
Regional research funds.....	6,649
Payments authorized for marketing projects.....	500
Total.....	33,755

3. *Relation of costs to obligations.*—Year-end balances of unpaid undelivered orders are as follows: 1959, \$1 thousand; 1959 (adjusted), —\$17 thousand; 1960, \$3 thousand; 1961, \$3 thousand; 1962, \$3 thousand.

Object Classification (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
11 Personnel compensation:			
Permanent positions.....	495	529	571
Positions other than permanent.....	4	5	5
Other personnel compensation.....	5	2	
Total personnel compensation.....	504	536	576
12 Personnel benefits.....	35	40	44
21 Travel and transportation of persons.....	74	87	92
22 Transportation of things.....	1	1	1
23 Rent, communications, and utilities.....	255	255	256
24 Printing and reproduction.....	3	4	4
25 Other services.....	1	1	2
Services of other agencies.....	52	58	63
26 Supplies and materials.....	4	5	6
31 Equipment.....	1	1	4
41 Grants, subsidies, and contributions.....	30,840	31,815	33,755
Total obligations.....	31,770	32,803	34,803

Personnel Summary

Total number of permanent positions.....	72	69	76
Full-time equivalent of other positions.....	1	1	1
Average number of all employees.....	68	67	72
Number of employees at end of year.....	68	68	75
Average GS grade.....	7.6	7.7	7.7
Average GS salary.....	\$6,096	\$6,621	\$6,622

DISEASES OF ANIMALS AND POULTRY

Eradication activities: For expenses necessary in the arrest and eradication of foot-and-mouth disease, rinderpest, contagious pleuropneumonia, or other contagious or infectious diseases of animals, or European fowl pest and similar diseases in poultry, and for foot-and-mouth disease and rinderpest programs undertaken pursuant to the provisions of the Act of February 28, 1947, as amended, and the Act of May 29, 1884, as amended (7 U.S.C. 391; 21 U.S.C. 111-122), including expenses in accordance with section 2 of said Act of February 28, 1947, the Secretary may transfer from other appropriations or funds available to the bureaus, corporations, or agencies of the Department such sums as he may deem necessary, to be available only in an emergency which threatens the livestock or poultry industry of the country, and any unexpended balances of funds transferred under this head in the next preceding fiscal year shall be merged with such transferred amounts: *Provided*, That this appropriation shall be subject to applicable provisions contained in the item "Salaries and expenses, Agricultural Research Service". (*Department of Agriculture and Farm Credit Administration Appropriation Act, 1961*.)

Program and Financing (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
1. Eradication of vesicular exanthema of swine (total program costs ¹).....	33		
2. Relation of costs to obligations: Costs financed from obligations of other years, net (—).....	—33		
Total obligations.....			
Financing:			
New obligational authority (appropriation).....			

¹ Includes \$20 thousand in capital outlay costs.

AGRICULTURAL RESEARCH SERVICE—Continued

Current authorizations—Continued

DISEASES OF ANIMALS AND POULTRY—Continued

This appropriation item is available should it become necessary to finance measures to eradicate outbreaks of livestock diseases, including poultry, such as foot-and-mouth disease, rinderpest, European fowl pest, etc., which constitute an emergency as determined by the Secretary of Agriculture and threaten the livestock or poultry industry of the country. Costs reported represent deliveries of prior years' undelivered orders, and adjustments relating to former emergency programs financed until 1959 by transfers from other funds of the Department.

2. *Relation of costs to obligations.*—The relationship is derived from year-end balances of selected resources and applicable adjustment as reflected in the following table (in thousands of dollars):

	1959 actual	1960 actual	1961 estimate	1962 estimate
Selected resources at end of year:				
Unpaid undelivered orders (appropriation balances obligated for goods and services not yet received).....	40	---	---	---
Advances (payments for goods and services on order not yet received)....	2	---	---	---
Total selected resources at end of year.....	42	---	---	---
Selected resources at start of year (—).....	---	42	---	---
Adjustment of selected resources reported at start of year.....	---	9	---	---
Costs financed from obligations of other years, net (—).....	---	33	---	---

ANIMAL DISEASE LABORATORY FACILITIES

Program and Financing (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
1. Facility for animal disease research and control (total program costs).....	8,170	3,009	---
2. Relation of costs to obligations: Costs financed from obligations of other years, net (—).....	8,013	2,100	---
Total obligations.....	157	909	---
Financing:			
Unobligated balance brought forward.....	1,066	909	---
Unobligated balance carried forward.....	909	---	---
New obligational authority (appropriation).....	---	---	---

In previous years, \$16.5 million had been provided for establishment of animal disease research and control laboratory facilities. Construction of the facilities at Ames, Iowa, was started in August 1958. Completion and occupancy are expected early in calendar year 1961.

2. *Relation of costs to obligations.*—The year-end balances of unpaid undelivered orders are as follows: 1959, \$10,113 thousand; 1960, \$2,100 thousand.

Object Classification (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
AGRICULTURAL RESEARCH SERVICE			
31 Equipment.....	93	427	---
32 Lands and structures.....	---	350	---
Total, Agricultural Research Service.....	93	777	---
ALLOCATION TO GENERAL SERVICES ADMINISTRATION			
21 Travel and transportation of persons.....	1	---	---
23 Rent, communications, and utilities.....	1	---	---
24 Printing and reproduction.....	1	---	---
25 Other services.....	48	29	---
32 Lands and structures.....	13	103	---
Total, General Services Administration.....	64	132	---
Total obligations.....	157	909	---

RESEARCH FACILITIES

Program and Financing (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
1. Facilities for research on foot-and-mouth and other diseases of animals (total program costs).....	94	13	---
2. Relation of costs to obligations: Costs financed from obligations of other years, net (—).....	58	13	---
Total obligations.....	36	---	---
Financing:			
Unobligated balance brought forward.....	16	---	---
Recovery of prior year obligations.....	20	---	---
New obligational authority (appropriation).....	---	---	---

The research laboratory and related facilities for investigation of foot-and-mouth and other animal diseases, for which \$10 million was appropriated in 1952, has been completed and is now in use.

2. *Relation of costs to obligations.*—The year-end balances of unpaid undelivered orders are as follows: 1959, \$71 thousand; 1960, \$13 thousand.

Object Classification (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
26 Supplies and materials.....	29	---	---
32 Lands and structures.....	7	---	---
Total obligations.....	36	---	---

ALLOCATIONS AND ALLOTMENTS RECEIVED FROM OTHER ACCOUNTS

Note.—Obligations incurred under allocations and allotments from other accounts are included in the schedules of the parent appropriations, as follows:
 "Civil defense and defense mobilization functions of Federal agencies," Office of Civil and Defense Mobilization.
 "Mutual security—economic," funds appropriated to the President.
 "Translation of publications and scientific cooperation," funds appropriated to the President.
 "United States dollars advanced from foreign governments," United States educational exchange program, Department of State.
 "Watershed protection," Soil Conservation Service.

Permanent authorizations:**ALTERATIONS AND IMPROVEMENTS, ANIMAL QUARANTINE STATION,
CLIFTON, N.J.**

(Indefinite special fund)

Program and Financing (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
1. Alterations and improvements (total program costs ¹).....	26	4	-----
2. Relation of costs to obligations:			
Costs financed from obligations of other years, net (—).....	-----	—4	-----
Obligations incurred for costs of other years, net.....	4	-----	-----
Total obligations.....	30	-----	-----
Financing:			
New obligational authority (appropriation).....	30	-----	-----

¹ Includes capital outlay as follows: 1960, \$20 thousand; 1961, \$10 thousand.

Under authority of the act of August 20, 1958 (72 Stat. 680), approximately 7 acres of land at the U.S. Animal Quarantine Station, Clifton, N.J., were conveyed to the city of Clifton. The Federal Government received \$83 thousand for this land, of which \$30 thousand was deposited on August 19, 1959, to a special fund for alterations of buildings, facilities, and improvements on the remaining land at the station.

2. *Relation of costs to obligations.*—The year-end balance of unpaid undelivered orders for 1960 was \$4 thousand.

Object Classification (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
11 Personnel compensation: Permanent positions.....	2	-----	-----
25 Other services.....	6	-----	-----
26 Supplies and materials.....	3	-----	-----
32 Lands and structures.....	19	-----	-----
Total obligations.....	30	-----	-----

Personnel Summary

Average number of all employees.....	1	-----	-----
Number of employees at end of year.....	0	-----	-----
Average salary of ungraded positions.....	\$4,168	-----	-----

Intragovernmental funds:**WORKING CAPITAL FUND, AGRICULTURAL RESEARCH CENTER**

This fund finances, on a reimbursable basis, central facilities and services furnished to agencies at the Agricultural Research Center (64 Stat. 658). The capital consists of \$300 thousand appropriated in 1951 and donated assets of \$252 thousand as of June 30, 1960. Earnings are retained to furnish adequate working capital.

Sources and Application of Funds (Operations) (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Gross expenditures (funds applied):			
Acquisition of equipment.....	27	35	35
Purchase of material and supplies.....	783	875	875
Other expenses.....	2,350	2,447	2,434
Increase in selected working capital.....	16	-----	-----
Total gross expenditures.....	3,176	3,357	3,344
Receipts from operations (funds provided):			
Sales of goods and services.....	3,216	3,337	3,337
Rental income from quarters.....	12	13	13
Proceeds from sale of equipment.....	4	-----	-----
Total receipts from operations.....	3,231	3,350	3,350
Budget expenditures.....	—55	7	—6

Revenue, Expense, and Retained Earnings (in thousands of dollars)

Revenue.....	3,228	3,350	3,350
Expense.....	3,212	3,340	3,340
Net operating income.....	16	10	10
Nonoperating income:			
Proceeds from sale of equipment.....	4	-----	-----
Net book value of assets sold (—).....	—4	-----	-----
Net nonoperating income.....	-----	-----	-----
Net income for the year.....	16	10	10
Retained earnings beginning of year.....	39	55	65
Retained earnings, end of year.....	55	65	75

Financial Condition (in thousands of dollars)

Assets:			
Cash with Treasury.....	470	463	469
Accounts receivable, net.....	262	250	250
Materials and supplies.....	86	110	121
Equipment, net.....	230	223	216
Total assets.....	1,048	1,046	1,056
Liabilities:			
Current.....	441	429	429
Government investment:			
Non-interest-bearing capital:			
Start of year.....	530	552	552
Donated capital during year.....	22	-----	-----
End of year.....	552	552	552
Retained earnings.....	55	65	75
Total Government investment.....	607	617	627

Note.—Unpaid undelivered orders are as follows: 1959, \$95 thousand; 1960, \$114 thousand; 1961, \$101 thousand; 1962, \$101 thousand.

Object Classification (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
11 Personnel compensation:			
Permanent positions.....	1,622	1,753	1,759
Positions other than permanent.....	106	108	108
Other personnel compensation.....	52	51	45
Total personnel compensation.....	1,780	1,912	1,912

EXTENSION SERVICE—Continued**Current authorizations—Continued****COOPERATIVE EXTENSION WORK, PAYMENTS AND EXPENSES—Continued****Object Classification (in thousands of dollars)—Continued**

	1960 actual	1961 estimate	1962 estimate
22 Transportation of things.....	23	30	36
23 Rent, communications, and utilities.....	2,525	2,529	2,530
24 Printing and reproduction.....	75	75	79
25 Other services.....	133	84	86
Services of other agencies.....	34	31	32
26 Supplies and materials.....	17	15	16
31 Equipment.....	28	8	14
41 Grants, subsidies, and contributions.....	53,413	56,544	58,715
Total obligations.....	63,884	67,472	70,040

Personnel Summary

	1960 actual	1961 estimate	1962 estimate
Total number of permanent positions.....	239	242	248
Full-time equivalent of other positions.....	2	1	-----
Average number of all employees.....	224	231	235
Number of employees at end of year.....	236	236	246
Average GS grade.....	8.7	8.8	8.8
Average GS salary.....	\$7,325	\$7,993	\$8,087

ALLOCATIONS RECEIVED FROM OTHER ACCOUNTS

Note.—Obligations incurred under allocations from other accounts are included in the schedules of the parent appropriation, "Mutual security—economic," funds appropriated to the President.

Intragovernmental funds:**ADVANCES AND REIMBURSEMENTS****Program and Financing (in thousands of dollars)**

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
1. Cooperation with the Bureau of Indian Affairs on extension program with Indians.....	34	37	41
2. Assistance to agricultural stabilization and conservation committees and the Commodity Credit Corporation loan program in Alaska.....	17	16	16
3. Miscellaneous services to other accounts.....	9	6	-----
Total obligations.....	61	59	57
Financing:			
Advances and reimbursements from—			
Other accounts.....	60	59	57
Non-Federal sources (5 U.S.C. 61(b)).....	1	-----	-----
Total financing.....	61	59	57

Object Classification (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
11 Personnel compensation: Permanent positions.....	34	36	31
12 Personnel benefits.....	2	3	2
21 Travel and transportation of persons.....	5	4	7
25 Other services: Services of other agencies.....	2	-----	1
41 Grants, subsidies, and contributions.....	17	16	16
Total obligations.....	61	59	57

Personnel Summary

	1960 actual	1961 estimate	1962 estimate
Total number of permanent positions.....	3	3	3
Average number of all employees.....	4	3	3
Number of employees at end of year.....	3	3	3
Average GS grade.....	10.7	10.7	10.7
Average GS salary.....	\$9,263	\$10,039	\$10,261

FARMER COOPERATIVE SERVICE**Current authorizations:****SALARIES AND EXPENSES**

For necessary expenses to carry out the Act of July 2, 1926 (7 U.S.C. 451-457), **["\$620,000"]** \$657,000. (Department of Agriculture and Farm Credit Administration Appropriation Act, 1961.)

Program and Financing (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
1. Research and technical assistance for farmers cooperatives (total program costs ¹).....	600	657	657
2. Relation of costs to obligations: Obligations incurred for costs of other years, net.....	6	-----	-----
Total obligations.....	606	657	657
Financing:			
Unobligated balance lapsing.....	10	-----	-----
New obligational authority.....	616	657	657
New obligational authority:			
Appropriation.....	616	620	657
Proposed supplemental due to pay increases.....	-----	37	-----

¹ Includes capital outlay as follows: 1960, \$4 thousand; 1961, \$4 thousand; 1962, \$3 thousand.

The Farmer Cooperative Service provides research, advisory, and educational assistance to farmers' marketing, purchasing, and service cooperatives. Problems of organization, financing, policies, management, merchandising, costs, efficiency, and membership are involved. Much of this work is carried on in cooperation with land-grant colleges, the Extension Service, and other Federal and State agencies.

2. *Relation of costs to obligations.*—Year-end balances of unpaid undelivered orders are as follows: 1959, \$12 thousand; 1959 (adjusted), \$10 thousand; 1960, \$16 thousand; 1961, \$16 thousand; 1962, \$16 thousand.

Object Classification (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
11 Personnel compensation:			
Permanent positions.....	464	509	511
Other personnel compensation.....	4	2	-----
Total personnel compensation.....	468	511	511
12 Personnel benefits.....	32	39	39
21 Travel and transportation of persons.....	30	33	33
22 Transportation of things.....	1	1	1
23 Rent, communications, and utilities.....	14	14	14
24 Printing and reproduction.....	45	40	40

Object Classification (in thousands of dollars)—Continued

	1960 actual	1961 estimate	1962 estimate
25 Other services.....	2	5	5
Services of other agencies.....	5	7	7
26 Supplies and materials.....	4	4	4
31 Equipment.....	5	3	3
Total obligations.....	606	657	657

Personnel Summary

Total number of permanent positions.....	76	73	73
Average number of all employees.....	66	66	66
Number of employees at end of year.....	66	67	67
Average GS grade.....	8.5	8.9	8.9
Average GS salary.....	\$6,842	\$7,700	\$7,767

ALLOCATIONS RECEIVED FROM OTHER ACCOUNTS

Note.—Obligations incurred under allocations from other accounts are included in the schedules of the parent appropriation, "Mutual security—economic," funds appropriated to the President.

Intragovernmental funds:

ADVANCES AND REIMBURSEMENTS

Program and Financing (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
1. Research and technical assistance for farmers cooperatives.....		3	
2. Marketing research activities (Agricultural Marketing Service).....	393	436	436
Total program costs.....	393	439	436
3. Relation of costs to obligations: Obligations incurred for costs of other years, net.....	23		
Total obligations.....	416	439	436
Financing:			
Advances and reimbursements from other accounts.....	419	439	436
Unobligated balance lapsing.....	—3		
Total financing.....	416	439	436

3. *Relation of costs to obligations.*—Year-end balances of unpaid undelivered orders are as follows: 1959, \$21 thousand; 1960, \$44 thousand; 1961, \$44 thousand; 1962, \$44 thousand.

Object Classification (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
11 Personnel compensation:			
Permanent positions.....	306	335	333
Other personnel compensation.....	3	1	
Total personnel compensation.....	309	336	333
12 Personnel benefits.....	21	26	26
21 Travel and transportation of persons.....	22	23	23
23 Rent, communications, and utilities.....	9	9	9
24 Printing and reproduction.....	11	12	12
25 Other services.....	37	26	26
Services of other agencies.....	4	4	4

Object Classification (in thousands of dollars)—Continued

	1960 actual	1961 estimate	1962 estimate
26 Supplies and materials.....	3	3	3
Total obligations.....	416	439	436

Personnel Summary

Total number of permanent positions.....	54	49	49
Average number of all employees.....	44	43	43
Number of employees at end of year.....	44	44	44
Average GS grade.....	8.5	8.6	8.6
Average GS salary.....	\$6,709	\$7,366	\$7,405

SOIL CONSERVATION SERVICE

The Service is responsible for various soil and water conservation activities to aid farmers and ranchers in making physical adjustments in land use to conserve soil, water, and plant resources, establish a permanent and balanced agriculture, and reduce the hazards of floods and sedimentation. These activities are carried out in cooperation with Federal and State agencies and local organizations. The Service also has responsibility for administering the Great Plains conservation program and provides technical services in connection with the agricultural conservation program, and soil and water conservation loans made by the Farmers Home Administration.

Current authorizations:

CONSERVATION OPERATIONS

For necessary expenses for carrying out the provisions of the Act of April 27, 1935 (16 U.S.C. 590a–590f), including preparation of conservation plans and establishment of measures to conserve soil and water (including farm irrigation and land drainage and such special measures as may be necessary to prevent floods and the silting of reservoirs); operation of conservation nurseries; classification and mapping of soils; dissemination of information; purchase and erection or alteration of permanent buildings; and operation and maintenance of aircraft, [\$83,132,000] \$89,725,000: *Provided*, That the cost of any permanent building purchased, erected, or as improved, exclusive of the cost of constructing a water supply or sanitary system and connecting the same to any such building and with the exception of buildings acquired in conjunction with land being purchased for other purposes, shall not exceed \$2,500, except for eight buildings to be constructed or improved at a cost not to exceed \$15,000 per building and except that alterations or improvements to other existing permanent buildings costing \$2,500 or more may be made in any fiscal year in an amount not to exceed \$500 per building: *Provided further*, That no part of this appropriation shall be available for the construction of any such building on land not owned by the Government: *Provided further*, That no part of this appropriation may be expended for soil and water conservation operations under the Act of April 27, 1935 (16 U.S.C. 590a–590f), in demonstration projects: *Provided further*, That not to exceed \$5,000 may be used for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (5 U.S.C. 574), as amended by section 15 of the Act of August 2, 1946 (5 U.S.C. 55a): *Provided further*, That qualified local engineers may be temporarily employed at per diem rates to perform the technical planning work of the service: *Provided further*, That not to exceed \$600,000 of the amount appropriated under this head for fiscal year 1960 may be used to employ conservation aides and other nonprofessional personnel on a part-time or contract basis, and the amount so used may be transferred to and merged with this appropriation]. (5 U.S.C. 133t, 511–512, 565a; 7 U.S.C. 1387, 1807; 16 U.S.C. 590q–1; Department of Agriculture and Farm Credit Administration Appropriation Act, 1961.)

SOIL CONSERVATION SERVICE—Continued

Current authorizations—Continued

CONSERVATION OPERATIONS—Continued

Program and Financing (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
Direct program costs:			
1. Assistance to soil conservation districts and other cooperators (total direct program costs ¹).....	81,355	89,204	89,725
2. Relation of costs to obligations: Costs financed from obligations of other years, net (—).....	—31	-----	-----
Total direct obligations.....	81,324	89,204	89,725
Reimbursable costs—obligations:			
3. Technical services to agricultural conservation program participants.....	7,070	7,211	7,350
Total obligations.....	88,394	96,415	97,075
Financing:			
Advances and reimbursements from other accounts.....	—7,070	—7,211	—7,350
Unobligated balance lapsing.....	998	-----	-----
New obligational authority (appropriation)	82,322	89,204	89,725
New obligational authority:			
Appropriation.....	82,322	83,132	89,725
Reappropriation.....	-----	600	-----
Proposed supplemental due to pay increases.....	-----	5,472	-----

¹ Includes capital outlay as follows: 1960, \$2,555 thousand; 1961, \$2,200 thousand; 1962, \$2,200 thousand.

1. Assistance furnished soil conservation districts and other cooperators consists primarily of: (a) standard soil surveys and special soils investigations to provide physical land facts needed for farm and ranch conservation planning and application of practices and by other Federal, State, and local agencies and the public;

MAIN WORKLOAD FACTORS

[In millions of acres]

	Total as of June 30, 1960	1960 actual	1961 estimate	1962 estimate
Soil surveys.....	658.7	50.2	53.0	54.0
Range site determinations.....	104.8	14.5	15.0	15.0

(b) technical assistance to farmers and ranchers in planning individual conservation programs for orderly adjustment of the use and treatment of their land; (c) management consultation and other technical assistance in installing the conservation practices provided for in their farm and ranch conservation plans;

MAIN WORKLOAD FACTORS

	1960 actual	1961 estimate	1962 estimate
Number of soil conservation districts....	2,867	2,887	2,905
Number of soil conservation district co-operators.....	1,849,525	1,870,000	1,887,000
Number of cooperators having farm and ranch conservation plans.....	1,301,450	1,336,000	1,370,000
Number of cooperators and other farms applying conservation practices.....	644,832	650,000	660,000

(d) technical assistance to group enterprises on soil conservation and water control problems that can best be solved by group action; (e) donation to soil conservation districts of special equipment acquired from Federal

Government surplus and needed in the application of conservation practices (the original acquisition cost to the Government of such equipment in 1960 was \$4,234 thousand); (f) streamflow forecasts, developed from snow surveys in the Western States, which serve as a basis for planning for efficient seasonal use of water; (g) the selection and testing of promising plant materials to determine their suitability for erosion control purposes; (h) technical assistance to agricultural conservation program participants in establishing specified conservation practices; (i) technical assistance to conservation reserve program participants in planning and applying specified conservation practices; and (j) technical assistance in planning and applying the practices for which soil and water conservation loans are made by the Farmers Home Administration.

During 1960, the Service acquired at no cost property declared excess by other Federal agencies with an original acquisition cost to the Government (exclusive of equipment donated to soil conservation districts) of \$178 thousand.

The increase proposed would be used to staff new districts expected to be organized in 1962.

2. *Relation of costs to obligations.*—The relationship is derived from year-end balances of selected resources and applicable adjustment as reflected in the following table (in thousands of dollars):

	1959 actual	1960 actual	1961 estimate	1962 estimate
Direct program costs:				
Selected resources at end of year: Inventories and items on order:				
Stores (goods unconsumed by projects)....	139	138	138	138
Unpaid undelivered orders (appropriation balances obligated for goods and services on order not yet received)....	1,039	964	964	964
Total selected resources at end of year.....	1,179	1,102	1,102	1,102
Selected resources at start of year (—).....	-----	—1,179	—1,102	—1,102
Adjustment of prior year costs and selected resources reported at start of year.....	-----	46	-----	-----
Costs financed from obligations of other years, net (—).....	-----	—31	-----	-----

Object Classification (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Personnel compensation:			
Permanent positions.....	66,799	73,317	73,876
Positions other than permanent.....	3,134	3,543	3,766
Other personnel compensation.....	734	560	290
Total personnel compensation.....	70,667	77,420	77,932
Direct obligations:			
11 Personnel compensation.....	64,688	71,324	71,721
12 Personnel benefits.....	4,403	5,512	5,547
21 Travel and transportation of persons.....	2,424	2,451	2,465
22 Transportation of things.....	485	502	506
23 Rent, communications, and utilities.....	2,833	2,870	2,907
24 Printing and reproduction.....	395	415	416
25 Other services.....	631	635	640
Services of other agencies.....	226	230	234
26 Supplies and materials.....	3,137	3,150	3,167
31 Equipment.....	2,101	2,116	2,128
32 Lands and structures.....	-----	5	-----
44 Refunds.....	6	-----	-----
Subtotal.....	81,329	89,210	89,731
Deduct quarters and subsistence charges.....	5	6	6
Total direct obligations.....	81,324	89,204	89,725

Object Classification (in thousands of dollars)—Continued

	1960 actual	1961 estimate	1962 estimate
Reimbursable obligations:			
11 Personnel compensation.....	5,978	6,096	6,211
12 Personnel benefits.....	373	443	456
21 Travel and transportation of persons.....	1	2	2
25 Other services.....	446	400	406
26 Supplies and materials.....	272	270	275
Total reimbursable obligations.....	7,070	7,211	7,350
Total obligations.....	88,394	96,415	97,075

Personnel Summary

Total number of permanent positions.....	13,165	13,245	13,350
Full-time equivalent of other positions.....	876	931	989
Average number of all employees.....	12,558	12,639	12,816
Number of employees at end of year.....	14,534	14,895	15,100
Average GS grade.....	6.9	7.1	7.1
Average GS salary.....	\$5,605	\$6,138	\$6,114

WATERSHED PROTECTION

For expenses necessary to conduct surveys, investigations, and research and to carry out preventive measures, including, but not limited to, engineering operations, methods of cultivation, the growing of vegetation, and changes in use of land, in accordance with the Watershed Protection and Flood Prevention Act, approved August 4, 1954, as amended (16 U.S.C. 1001-1008), and the provisions of the Act of April 27, 1935 (16 U.S.C. 590a-f), to remain available until expended, **[\$35,000,000]** \$46,287,000, with which shall be merged the unexpended balances of funds heretofore appropriated or transferred to the Department for watershed protection purposes: *Provided*, That not to exceed \$100,000 may be used for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (5 U.S.C. 574), as amended by section 15 of the Act of August 2, 1946 (5 U.S.C. 55a): *Provided further*, That not to exceed \$2,500,000, together with the unobligated balance of funds previously appropriated for loans and related expense, shall be available for such purposes.

For an additional amount for "Watershed Protection", \$1,800,000.] (5 U.S.C. 511-512; Department of Agriculture and Farm Credit Administration Appropriation Act, 1961; Supplemental Appropriation Act, 1961.)

Note.—Estimate for 1962 excludes \$75 thousand for activities transferred in the estimates to "Salaries and expenses," Office of the General Counsel. The amount obligated in 1961 is shown in the schedule as a comparative transfer.

Program and Financing (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
1. Investigations and planning.....	4,563	5,204	3,722
2. Installation of works of improvement.....	21,933	31,271	38,294
3. Loans and related expense.....	138	3,128	2,203
4. Surveys and investigations of water resources programs.....	986	1,168	1,168
Total program costs ¹	27,620	40,771	45,387
5. Relation of costs to obligations:			
Costs financed from obligations of other years, net (—).....	—666		
Obligations incurred for costs of other years, net.....		1,277	900
Total obligations.....	26,954	42,048	46,287
Financing:			
Comparative transfers to other accounts.....		75	
Unobligated balance brought forward.....	—9,527	—5,323	
Unobligated balance carried forward.....	5,323		
New obligational authority (appropriation).....	22,750	36,800	46,287

¹ Includes capital outlay as follows: 1960, \$625 thousand; 1961, \$673 thousand; 1962, \$746 thousand.

The Department cooperates with the States and other agencies in planning and installing works of improvement in small watersheds to reduce damage from floodwater, sediment, and erosion and for the conservation, development, utilization, and disposal of water. It provides loans to local organizations to help them finance their share of the costs of certain works of improvement. The Department also cooperates with other agencies in making surveys and investigations of watersheds of rivers and other waterways as the basis for the development of coordinated programs.

MAIN WORKLOAD FACTORS

Activity	1958 actual	1959 actual	1960 actual	1961 estimate	1962 estimate
Applications:					
Received, current year.....	175	261	171	275	275
Received, cumulative at end of year.....	887	1,148	1,319	1,594	1,869
Not suitable for planning, cumulative at end of year.....	300	315	325	335	345
Planning:					
Authorized, current year.....	96	82	120	125	80
Authorized, cumulative.....	364	446	566	691	771
Suspended or terminated, cumulative.....	71	67	96	102	107
Plans completed current year.....	70	78	86	104	74
Planning in process at end of year.....	193	199	206	225	220
Remaining to be planned at end of year.....	223	387	428	568	753
Operations:					
Authorized, current year.....	58	80	84	100	80
Authorized, cumulative.....	100	180	264	364	444
Completed, current year.....	2	3	6	15	20
Completed, cumulative.....	2	5	11	26	46
In process at end of year.....	98	175	253	338	398

1. *Investigations and planning.*—Surveys are made by the Department of proposed small watershed projects, and work plans are prepared in cooperation with the local sponsors. These plans outline the proposed works of improvement and include the estimated costs, a cost-benefits analysis, cost-sharing and maintenance arrangements, a proposed schedule of operations, and other facts necessary to determine whether Federal participation in project development should be approved.

2. *Installation of works of improvement.*—Assistance is provided to local organizations to install improvement measures for flood prevention and water management in accordance with approved watershed work plans.

Pilot demonstration watersheds.—The following table shows the status of the pilot watershed projects which were initiated in 1954 to demonstrate and evaluate the effects of works of improvement installed in small watersheds for watershed protection and flood prevention. The budget estimate reflects reductions due to completion of some pilot projects.

[Dollars in thousands]

Explanation	1960 actual		1961 estimate		1962 estimate	
	Num- ber	Amount	Num- ber	Amount	Num- ber	Amount
Active projects at beginning of year and estimated completion cost.....	30	\$12,646	21	\$8,697	7	\$5,870
Deduct amounts obligated during the year for:						
(a) Projects completed during the year.....	9	154	14	758	1	59
(b) Other projects.....	--	3,795	--	2,069	--	1,483
Total, projects in progress at end of year and estimated completion cost.....	21	8,697	7	5,870	6	4,328

SOIL CONSERVATION SERVICE—Continued

Current authorizations—Continued

WATERSHED PROTECTION—Continued

Public Law 566 watersheds.—After local sponsoring organizations have developed watershed work plans with the Department's assistance and the projects have been approved as suitable for Federal participation (projects involving an estimated Federal contribution to construction costs in excess of \$250 thousand, or any single structure having a capacity in excess of 2,500 acre-feet require congressional approval), technical services and cost-sharing assistance are provided for specified works of improvement. Detailed construction plans and specifications are prepared. On non-Federal lands the local sponsoring organizations contract for the construction work; provide land easements and rights-of-way; operate and maintain the projects; and in the case of multiple-purpose structures, bear a share of the construction costs. The initiation of installation of works of improvement in new projects requires administrative approval in two stages: (a) approval for advance engineering and other technical assistance only, and (b) approval for construction of structural measures.

The advance engineering and technical assistance stage includes surveys, investigations, and preparation of de-

tailed designs, specifications, and engineering cost estimates for construction of structural works. It also includes precise delineation of required easement areas. Technical and other assistance for planning and applying land treatment measures for watershed protection and flood prevention is provided where acceleration of land treatment is needed.

The project construction stage begins with execution of the first project agreement for construction of works of improvement, after required easements are obtained or assured and the local organization has met all other requirements. Under a project agreement the local sponsoring organization agrees to construct a segment of the project which may consist of an individual or an inter-related group of structures. The agreement obligates the Government to furnish its share of the construction cost. Payments are made to the local contracting organization in accordance with the project agreement as the work progresses. Engineering and other services are provided for the preparation of contracts and inspection of construction. Technical assistance with the planning and installation of land treatment measures for watershed protection and flood prevention is continued.

The following tabulation shows the status of Public Law 566 projects with respect to approvals for advance engineering and technical assistance and for construction.

Explanation	1960 actual		1961 estimate		1962 estimate	
	Number	Amount	Number	Amount	Number	Amount
Projects approved for advance engineering and technical assistance (number and estimated Federal cost of completion, unless otherwise indicated):						
Projects underway at beginning of year.....	73	\$50,551	118	\$103,967	158	\$149,291
Projects initiated during the year.....	84	84,249	100	100,000	80	80,000
Subtotal.....	157	134,800	218	203,967	238	229,291
Deduct projects approved for construction during the year.....	39	28,156	60	48,000	70	70,000
Net projects approved.....	118	106,644	158	155,967	168	159,291
Deduct amounts obligated during the year for advance engineering and technical assistance.....	---	2,677	---	6,676	---	8,647
Total, projects receiving only advance engineering and technical assistance at end of year.....	118	103,967	158	149,291	168	150,644
Projects approved for construction (number and estimated cost of completion, unless otherwise indicated):						
Projects underway at beginning of year.....	102	42,349	135	55,915	180	80,967
Projects initiated during the year.....	39	28,156	60	48,000	70	70,000
Total, projects under construction during the year.....	141	70,505	195	103,915	250	150,967
Deduct amounts obligated during the year for works of improvement on:						
(a) Projects approved for construction during the year.....	---	4,930	---	9,000	---	10,500
(b) Projects completed during the year.....	6	40	15	750	20	2,038
(c) Continuing prior year projects.....	---	9,620	---	13,198	---	16,170
Total, projects under construction at end of year.....	135	55,915	180	80,967	230	122,259
Grand total: Projects in progress at end of year.....	253	159,882	338	230,258	398	272,903
Projects completed (cumulative).....	11		26		46	

The 1961 program contemplates initiation of construction on about 60 watershed projects, involving 1961 obligations of \$9 million and total Federal cost of \$48 million. The 1962 estimates provide for starting about 70 projects, with 1962 obligations of \$10.5 million and total Federal cost of \$70 million.

Uniform cost-sharing legislation is recommended which would provide that non-Federal interests should bear at least 30% of the costs of flood protection benefits provided by local projects which are authorized in the future. The value of lands, easements, and rights-of-way contributed locally would be included as part of the non-Federal share. Operation and maintenance would be a State or local responsibility.

3. *Loans and related expense.*—Loans are made to local organizations to finance the local share of the cost of

works of improvement installed in the small watersheds. Repayment with interest is required within 50 years after the principal benefits of improvements first become available. Of the 1962 estimate for Watershed protection, not to exceed \$2.5 million is to be available for such purpose together with unobligated balances of loan funds from prior years.

4. *Surveys and investigations of water resources programs.*—Current work includes participation with the Corps of Engineers in the Potomac River Basin, the Delaware River area, the upper Mississippi River area, the Bayou Bartholomew in Arkansas and Louisiana, the Arkansas River navigation project in Arkansas and Oklahoma, and the Cape Fear River Basin in North Carolina. In addition, studies are now being conducted under a cooperative arrangement with the Department of the

Interior to reappraise the direct agricultural benefits anticipated from certain participating projects in the Upper Colorado River storage project. Upon completion of certain of the studies now underway, this arrangement will be concluded. Surveys are also being made of the Yazoo-Mississippi River area in cooperation with the Mississippi State board of water commissioners; in the Tombigbee River Basin in cooperation with the Mississippi State board of water commissioners and the Alabama water resources study commission; with the Nevada department of conservation and natural resources in the Humboldt River Basin; with the Oregon State water resources board in the upper Willamette and other river basins; and with agencies of the State of Utah in the Sevier River Basin. Some cooperative assistance is being provided to the river basin study commissions for the Southeast and the Texas River areas.

5. *Relation of costs to obligations.*—Year-end balances of unpaid undelivered orders (representing primarily the uncompleted portion of contracts for installation of structural measures in watershed projects) are as follows: 1959, \$18,189 thousand; 1960, \$17,523 thousand; 1961, \$18,800 thousand; 1962, \$19,700 thousand.

Object Classification (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
SOIL CONSERVATION SERVICE			
11 Personnel compensation:			
Permanent positions.....	9,144	11,426	11,938
Positions other than permanent.....	697	936	1,051
Other personnel compensation.....	260	200	95
Total personnel compensation.....	10,101	12,562	13,084
12 Personnel benefits.....	659	926	985
21 Travel and transportation of persons.....	807	891	930
22 Transportation of things.....	80	106	111
23 Rent, communications, and utilities.....	332	350	372
24 Printing and reproduction.....	183	221	235
25 Other services.....	3,124	1,730	1,350
Services of other agencies.....	223	314	320
26 Supplies and materials.....	352	388	400
31 Equipment.....	487	500	515
41 Grants, subsidies, and contributions.....	9,119	19,031	23,800
44 Refunds.....	9	9	10
Total, Soil Conservation Service.....	25,476	37,028	42,112
ALLOTMENT ACCOUNTS			
11 Personnel compensation:			
Permanent positions.....	611	693	695
Positions other than permanent.....	100	129	123
Other personnel compensation.....	6	3	3
Total personnel compensation.....	717	825	821
12 Personnel benefits.....	45	59	60
21 Travel and transportation of persons.....	79	94	89
22 Transportation of things.....	19	34	34
23 Rent, communications, and utilities.....	22	24	24
24 Printing and reproduction.....	2	3	3
25 Other services.....	134	282	177
Services of other agencies.....	32	40	35
26 Supplies and materials.....	25	53	52
31 Equipment.....	18	24	15
32 Lands and structures.....	2	2	2
33 Investments and loans.....	138	3,140	2,400
41 Grants, subsidies, and contributions.....	245	440	463
Total, allotment accounts.....	1,478	5,020	4,175
Total obligations.....	26,954	42,048	46,287

Object Classification (in thousands of dollars)—Continued

	1960 actual	1961 estimate	1962 estimate
Obligations are distributed as follows:			
Soil Conservation Service.....	25,476	37,028	42,112
Forest Service.....	879	1,332	1,205
Agricultural Research Service.....	313	325	293
Farmers Home Administration.....	177	3,225	2,500
Department of the Interior.....	109	138	177

Personnel Summary

SOIL CONSERVATION SERVICE			
Total number of permanent positions.....	1,666	1,964	2,087
Full-time equivalent of other positions.....	196	249	280
Average number of all employees.....	1,757	2,040	2,182
Number of employees at end of year.....	1,925	2,278	2,300
Average GS grade.....	6.9	7.1	7.1
Average GS salary.....	\$5,605	\$6,138	\$6,114
ALLOTMENT ACCOUNTS			
Total number of permanent positions.....	96	112	115
Full-time equivalent of other positions.....	25	32	31
Average number of all employees.....	120	136	136
Number of employees at end of year.....	118	143	144
Average GS grade.....	7.3	7.4	7.4
Average GS salary.....	\$5,924	\$6,423	\$6,434

FLOOD PREVENTION

For expenses necessary, in accordance with the Flood Control Act, approved June 22, 1936 (33 U.S.C. 701-709, 74 Stat. 131), as amended and supplemented, [and the Watershed Protection and Flood Prevention Act, approved August 4, 1954, as amended (16 U.S.C. 1001-1008, 74 Stat. 131),] and in accordance with the provisions of laws relating to the activities of the Department, to perform works of improvement, including not to exceed \$100,000 for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (5 U.S.C. 574), as amended by section 15 of the Act of August 2, 1946 (5 U.S.C. 55a), to remain available until expended, [“\$18,000,000”] \$19,463,000, with which shall be merged the unexpended balances of funds heretofore appropriated or transferred to the Department for flood prevention purposes: *Provided*, That no part of such funds shall be used for the purchase of lands in the Yazoo and Little Tallahatchie watersheds without specific approval of the county board of supervisors of the county in which such lands are situated: *Provided further*, That not to exceed \$1,000,000, together with the unobligated balance of funds previously appropriated for loans and related expense, shall be available for such purposes.

[For an additional amount for “Flood Prevention”, \$1,570,000, for the purposes of Public Law 86-468.] (5 U.S.C. 511-512; Department of Agriculture and Farm Credit Administration Appropriation Act, 1961; Supplemental Appropriation Act, 1961.)

Program and Financing (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
1. Works of improvement.....	17,034	19,242	20,463
2. Loans and related expense.....		1,570	600
Total program costs ¹	17,034	20,812	21,063
3. Relation of costs to obligations:			
Costs financed from obligations of other years, net (—).....	—650		—1,600
Obligations incurred for costs of other years, net.....		3,220	
Total obligations.....	16,384	24,032	19,463

¹ Includes capital outlay as follows: 1960, \$702 thousand; 1961, \$636 thousand; 1962, \$628 thousand.

SOIL CONSERVATION SERVICE—Continued**Current authorizations—Continued****FLOOD PREVENTION—Continued****Program and Financing (in thousands of dollars)—Continued**

	1960 actual	1961 estimate	1962 estimate
Financing:			
Unobligated balance brought forward.....	-2,846	-4,462	-----
Unobligated balance carried forward.....	4,462	-----	-----
New obligational authority (appropriation)	18,000	19,570	19,463

1. *Works of improvement.*—The Department cooperates with soil conservation districts and other local organizations in planning and installing works of improvement for flood prevention and for furthering the conservation, development, utilization, and disposal of water in the 11 watersheds authorized by the Flood Control Act of 1944. The Federal Government shares in the cost of works of improvement for flood prevention and, under recently enacted legislation (Public Law 86-468, approved May 13, 1960), for agricultural water management and fish and wildlife development features.

The Department furnishes accelerated technical assistance to landowners in the installation of land treatment measures with a view toward providing the highest feasible degree of runoff retardation, sediment control, and water management. Local sponsoring organizations must furnish all land, easements and rights-of-way, water rights, and the entire cost of works of improvement for nonagricultural water management measures, and operate and maintain all completed projects.

2. *Loans and related expense.*—Loans are made to local sponsoring organizations to help finance their share of the costs of planned works of improvement. Of the 1962 estimate for Flood prevention, not to exceed \$1 million is to be available for such purpose, together with unobligated balances of loan funds from prior years.

3. *Relation of costs to obligations.*—Year-end balances of unpaid undelivered orders (representing primarily the uncompleted portion of contracts for the installation of flood prevention measures) are as follows: 1959, \$5,830 thousand; 1960, \$5,180 thousand; 1961, \$8,400 thousand; 1962, \$6,800 thousand.

Object Classification (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
SOIL CONSERVATION SERVICE			
11 Personnel compensation:			
Permanent positions.....	4,016	4,471	4,475
Positions other than permanent.....	554	681	700
Other personnel compensation.....	125	100	70
Total personnel compensation.....	4,695	5,252	5,245
12 Personnel benefits.....	292	372	374
21 Travel and transportation of persons.....	210	271	276
22 Transportation of things.....	27	36	38
23 Rent, communications, and utilities.....	152	167	167
24 Printing and reproduction.....	51	54	55
25 Other services.....	7,834	12,675	8,951
Services of other agencies.....	172	212	200
26 Supplies and materials.....	455	484	475
31 Equipment.....	166	185	170
41 Grants, subsidies, and contributions.....	-----	380	350
44 Refunds.....	5	6	6
Total, Soil Conservation Service.....	14,059	20,094	16,307

Object Classification (in thousands of dollars)—Continued

	1960 actual	1961 estimate	1962 estimate
ALLOTMENT ACCOUNTS			
11 Personnel compensation:			
Permanent positions.....	737	785	790
Positions other than permanent.....	487	388	388
Other personnel compensation.....	27	21	21
Total personnel compensation.....	1,251	1,194	1,199
12 Personnel benefits.....	68	78	78
21 Travel and transportation of persons.....	31	33	33
22 Transportation of things.....	110	102	102
23 Rent, communications, and utilities.....	36	37	37
24 Printing and reproduction.....	4	1	1
25 Other services.....	162	316	105
Services of other agencies.....	349	306	306
26 Supplies and materials.....	257	229	229
31 Equipment.....	21	17	17
32 Lands and structures.....	33	40	40
33 Investments and loans.....	-----	1,570	995
41 Grants, subsidies, and contributions.....	32	50	50
Subtotal.....	2,354	3,973	3,192
Deduct quarters and subsistence charges.....	29	35	36
Total, allotment accounts.....	2,325	3,938	3,156
Total obligations.....	16,384	24,032	19,463

Obligations are distributed as follows:			
Soil Conservation Service.....	14,059	20,094	16,307
Forest Service.....	2,325	2,368	2,156
Farmers Home Administration.....	-----	1,570	1,000

Personnel Summary

SOIL CONSERVATION SERVICE			
Total number of permanent positions.....	814	742	742
Full-time equivalent of other positions.....	169	187	191
Average number of all employees.....	925	951	955
Number of employees at end of year.....	1,051	1,009	1,009
Average GS grade.....	6.9	7.1	7.1
Average GS salary.....	\$5,605	\$6,138	\$6,114
ALLOTMENT ACCOUNTS			
Total number of permanent positions.....	142	141	141
Full-time equivalent of other positions.....	170	139	139
Average number of all employees.....	342	298	299
Number of employees at end of year.....	163	177	177
Average GS grade.....	6.9	7.0	7.0
Average GS salary.....	\$5,605	\$6,068	\$6,069

GREAT PLAINS CONSERVATION PROGRAM

For necessary expenses to carry into effect a program of conservation in the Great Plains area, pursuant to section 16(b) of the Soil Conservation and Domestic Allotment Act, as added by the Act of August 7, 1956 (16 U.S.C. 590p), **[\$10,000,000]** \$10,168,000, to remain available until expended. (5 U.S.C. 511-512; 74 Stat. 1030; Department of Agriculture and Farm Credit Administration Appropriation Act, 1961.)

Program and Financing (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
1. Great Plains conservation program (total program costs ¹).....	7,159	9,356	9,668
2. Relation of costs to obligations: Obligations incurred for costs of other years, net.....	3,009	1,273	500
Total obligations.....	10,168	10,629	10,168

¹ Includes capital outlay as follows: 1960, \$9 thousand; 1961, \$8 thousand; 1962, \$10 thousand.

Program and Financing (in thousands of dollars)—Continued

	1960 actual	1961 estimate	1962 estimate
Financing:			
Unobligated balance brought forward.....	-629	-461	-----
Unobligated balance carried forward.....	461	-----	-----
New obligational authority.....	10,000	10,168	10,168
New obligational authority:			
Appropriation.....	10,000	10,000	10,168
Proposed supplemental due to pay increases.....	-----	168	-----

1. Cost-sharing contracts and technical assistance are offered by the Department to aid farmers and ranchers to develop and carry out long-range conservation plans designed to minimize climatic hazards and protect their lands from erosion and deterioration by natural causes. This is a voluntary program which supplements other conservation programs and activities in designated counties of the 10 Great Plains States. Cost-sharing contracts extend from 3 to 10 years and include a plan of operations for the farm and ranch and a time schedule for installing eligible conservation practices. All contracts must terminate by December 31, 1971. The maximum cost-share rate offered in any contract does not exceed 80% of the average cost of installing each eligible practice. Federal cost-sharing for constructing, enlarging, deepening or lining any individual dam, pit, or pond for irrigation water is limited to \$2,500. Furthermore, cost-sharing for conservation irrigation practices in any one contract must not exceed (1) \$2,500, or (2) one-fourth of the total Federal obligation, whichever is the larger. All producers are limited to a cost-share ceiling of \$2,500 times the number of years the contract is in force, or \$25 thousand for the maximum 10-year contract. The total cost-shares that may be paid to producers are limited to \$25 million for any one program year and \$150 million for the total program.

The producer who signs a Great Plains program contract is responsible for accomplishing his plan of operations as scheduled, and is encouraged to use all available sources of assistance under other local, State, or Federal programs that contribute to achieving conservation land treatment and economic stability of the farm or ranch unit.

2. *Relation of costs to obligations.*—The year-end balances of unpaid undelivered orders (representing primarily the uncompleted portion of contracts with farmers and ranchers for the installation of conservation practices) are as follows: 1959, \$11,218 thousand; 1960, \$14,227 thousand; 1961, \$15,500 thousand; 1962, \$16,000 thousand.

Object Classification (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
SOIL CONSERVATION SERVICE			
11 Personnel compensation:			
Permanent positions.....	1,805	1,895	1,901
Positions other than permanent.....	110	112	113
Other personnel compensation.....	14	8	4
Total personnel compensation.....	1,929	2,015	2,018

Object Classification (in thousands of dollars)—Continued

	1960 actual	1961 estimate	1962 estimate
SOIL CONSERVATION SERVICE—Con.			
12 Personnel benefits.....	128	156	156
21 Travel and transportation of persons.....	62	62	62
22 Transportation of things.....	9	9	9
23 Rent, communications, and utilities.....	42	42	42
24 Printing and reproduction.....	41	41	41
25 Other services.....	120	115	115
Services of other agencies.....	81	81	81
26 Supplies and materials.....	54	54	54
31 Equipment.....	5	6	6
41 Grants, subsidies, and contributions.....	7,531	7,958	7,494
44 Refunds.....	2	-----	-----
Total, Soil Conservation Service.....	10,004	10,539	10,078
ALLOTMENT ACCOUNTS			
11 Personnel compensation:			
Permanent positions.....	34	27	27
Positions other than permanent.....	2	-----	-----
Total personnel compensation.....	36	27	27
12 Personnel benefits.....	3	3	3
21 Travel and transportation of persons.....	4	1	1
23 Rent, communications, and utilities.....	1	-----	-----
24 Printing and reproduction.....	1	1	1
25 Other services.....	11	2	2
Advanced to—			
“Local administration, sec. 388, Agricultural Adjustment Act of 1938” (7 U.S.C. 1388).....	84	43	43
“Administrative expenses, sec. 392, Agricultural Adjustment Act of 1938” (7 U.S.C. 1392).....	21	11	11
26 Supplies and materials.....	2	2	2
31 Equipment.....	1	-----	-----
Total, allotment accounts.....	164	90	90
Total obligations.....	10,168	10,629	10,168
Obligations are distributed as follows:			
Soil Conservation Service.....	10,004	10,539	10,078
Forest Service.....	31	17	17
Office of Information.....	23	13	13
Agricultural Conservation Program Service.....	5	6	6
Commodity Stabilization Service.....	105	54	54

Personnel Summary

	1960 actual	1961 estimate	1962 estimate
SOIL CONSERVATION SERVICE			
Total number of permanent positions.....	141	116	116
Full-time equivalent of other positions.....	31	29	29
Average number of all employees.....	341	330	330
Number of employees at end of year.....	182	158	158
Average GS grade.....	6.9	7.1	7.1
Average GS salary.....	\$5,605	\$6,138	\$6,114
ALLOTMENT ACCOUNTS			
Total number of permanent positions.....	7	4	4
Full-time equivalent of other positions.....	1	-----	-----
Average number of all employees.....	7	4	4
Number of employees at end of year.....	6	2	2
Average GS grade.....	7.2	7.4	7.4
Average GS salary.....	\$5,967	\$6,625	\$6,653

SOIL CONSERVATION SERVICE—Continued**Current authorizations—Continued****WATER CONSERVATION AND UTILIZATION PROJECTS****Program and Financing (in thousands of dollars)**

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
Development of land for irrigation (total costs—obligations).....	49	5	2
Financing:			
Unobligated balance brought forward.....	—110	—135	—130
Unobligated balance carried forward.....	135	130	128
New obligatory authority (appropriation)	75		

The Service has been developing irrigation farming units for sale on the Eden Valley project in Wyoming, where the Bureau of Reclamation has constructed the water storage facility and the principal canals. Land development for irrigation has been completed in accordance with the project plan prepared cooperatively with the Bureau of Reclamation. Lands surplus to the needs of the project program are being transferred to the Department of the Interior during fiscal year 1961. Sale of three developed tracts of land has been deferred because of irrigation water shortage this year. The Eden Valley project office has been closed. A soil conservation district has been organized and staffed to furnish technical assistance and guidance to project farmers with respect to good farming practices, soil and water conservation, and efficient land use. Sufficient funds are available from prior year appropriations to provide a reserve in case of need to protect the investment of the Government in the unsold tracts pending their disposal.

Object Classification (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
11 Personnel compensation:			
Permanent positions.....	35	4	2
Positions other than permanent.....	1		
Total personnel compensation.....	36	4	2
12 Personnel benefits.....	2		
21 Travel and transportation of persons.....	1		
22 Transportation of things.....	1		
23 Rent, communications, and utilities.....	2		
25 Other services.....	1	1	
26 Supplies and materials.....	7		
Subtotal.....	50	5	2
Deduct quarters and subsistence charges.....	1		
Total obligations.....	49	5	2

Personnel Summary

Total number of permanent positions.....	7		
Average number of all employees.....	6	1	1
Number of employees at end of year.....	2	0	0

Personnel Summary—Continued

	1960 actual	1961 estimate	1962 estimate
Average GS grade.....	6.9	7.1	7.1
Average GS salary.....	\$5,605	\$6,138	\$6,114

ALLOCATIONS AND ALLOTMENTS RECEIVED FROM OTHER ACCOUNTS

Note.—Obligations incurred under allocations and allotments from other accounts are included in the schedules of the parent appropriation, as follows:
 "Civil defense and defense mobilization functions of Federal agencies," Office of Civil and Defense Mobilization.
 "Conservation reserve program," Commodity Stabilization Service.
 "Mutual security—economic," funds appropriated to the President.

Intragovernmental funds:**ADVANCES AND REIMBURSEMENTS****Program and Financing (in thousands of dollars)**

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
1. Sale of maps and mosaics.....	564	593	600
2. Sale of personal property.....	492	537	550
3. Miscellaneous services to other accounts.....	1,497	1,794	1,500
Total program costs—obligations.....	2,553	2,924	2,650
Financing:			
Advances and reimbursements from—			
Other accounts.....	1,613	1,972	1,690
Non-Federal sources.....	940	952	960
Total financing.....	2,553	2,924	2,650

Note.—Reimbursements from non-Federal sources above are from State, county, municipal, and private organizations for soil and water conservation work rendered under cooperative agreements (16 U.S.C. 590a–590f); from Government agencies, farmers, or other persons for reproduction of aerial and other photographs, mosaics, and soil and land use and other maps (7 U.S.C. 1387); and from proceeds of sale of personal property (40 U.S.C. 481(c)).

Object Classification (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
11 Personnel compensation:			
Permanent positions.....	1,107	1,395	1,201
Positions other than permanent.....	36	39	34
Other personnel compensation.....	41	36	20
Total personnel compensation.....	1,184	1,470	1,255
12 Personnel benefits.....	70	103	92
21 Travel and transportation of persons.....	86	80	75
22 Transportation of things.....	9	14	10
23 Rent, communications, and utilities.....	68	54	47
24 Printing and reproduction.....	16	18	15
25 Other services.....	451	468	464
26 Supplies and materials.....	191	170	190
31 Equipment.....	478	547	502
Total obligations.....	2,553	2,924	2,650

Personnel Summary

Total number of permanent positions.....	76	81	77
Full-time equivalent of other positions.....	9	10	9
Average number of all employees.....	207	240	207
Number of employees at end of year.....	76	82	77
Average GS grade.....	6.9	7.1	7.1
Average GS salary.....	\$5,605	\$6,138	\$6,114

AGRICULTURAL CONSERVATION PROGRAM SERVICE

Current authorizations:

AGRICULTURAL CONSERVATION PROGRAM

For necessary expenses to carry into effect the program authorized in sections 7 to 15, 16(a), and 17 of the Soil Conservation and Domestic Allotment Act, approved February 29, 1936, as amended (16 U.S.C. 590g-590(o), 590p(a), and 590q), including not to exceed \$6,000 for the preparation and display of exhibits, including such displays at State, interstate, and international fairs within the United States, **[\$242,000,000]** **\$238,000,000**, to remain available until December 31 of the next succeeding fiscal year for compliance with the program of soil-building and soil- and water-conserving practices authorized under this head in the Department of Agriculture and Farm Credit Administration Appropriation Act, **[1960]** 1961, carried out during the period July 1, **[1959]** 1960, to December 31, **[1960]** 1961, inclusive: *Provided*, That not to exceed **[\$26,832,950]** **\$29,297,000** of the total sum provided under this head shall be available during the current fiscal year for administrative expenses for carrying out such program, the cost of aerial photographs, however, not to be charged to such limitation; but not more than **[\$5,458,900]** **\$5,785,700** shall be transferred to the appropriation account "Administrative expenses, section 392, Agricultural Adjustment Act of 1938": *Provided further*, That none of the funds herein appropriated shall be used to pay the salaries or expenses of any regional information employees or any State information employees, but this shall not preclude the answering of inquiries or supplying of information at the county level to individual farmers: *Provided further*, That such amounts shall be available for administrative expenses in connection with the formulation and administration of the **[1961]** 1962 program of soil-building and soil- and water-conserving practices, under the Act of February 29, 1936, as amended (amounting to **[\$250,000,000]** **\$100,000,000**, including administration, and no participant shall receive more than \$2,500, except where the participants from two or more farms or ranches join to carry out approved practices designed to conserve or improve the agricultural resources of the community): *Provided further*, That no change shall be made in such **[1961]** 1962 program which will have the effect in any county of restricting eligibility requirements or cost-sharing on practices included in either the 1958 or the 1959 programs, unless such change shall have been recommended by the county committee and approved by the State committee: *Provided further*, That the proportion of the State fund initially allocated to any county for the **[1961]** 1962 program shall not be reduced from the distribution of such funds for the 1959 program year: *Provided further*, That not to exceed 5 per centum of the allocation for the **[1961]** 1962 agricultural conservation program for any county may, on the recommendation of such county committee and approval of the State committee, be withheld and allotted to the Soil Conservation Service for services of its technicians in formulating and carrying out the agricultural conservation program in the participating counties, and shall not be utilized by the Soil Conservation Service for any purpose other than technical and other assistance in such counties, and in addition, on the recommendation of such county committee and approval of the State committee, not to exceed 1 per centum may be made available to any other Federal, State, or local public agency for the same purpose and under the same conditions: *Provided further*, That for the **[1961]** 1962 program \$2,500,000 shall be available for technical assistance in formulating and carrying out agricultural conservation practices and \$1,000,000 shall be available for conservation practices related directly to flood prevention work in approved watersheds: *Provided further*, That such amounts shall be available for the purchase of seeds, fertilizers, lime, trees, or any other farming material, or any soil-terracing services, and making grants thereof to agricultural producers to aid them in carrying out farming practices approved by the Secretary under programs provided for herein: *Provided further*, That no part of any funds available to the Department, or any bureau, office, corporation, or other agency constituting a part of such Department, shall be used in the current fiscal year for the payment of salary or travel expenses of any person who has been convicted of violating the Act entitled "An Act to prevent pernicious political activities", approved August 2, 1939, as amended, or who has been found in accordance with the provisions of title 18, United States Code, section 1913, to have violated or attempted to violate such section which prohibits the use of Federal appropriations for the payment of personal services or other expenses designed to influence in any manner a Member of Congress to favor or oppose any legislation or appropriation by Congress except upon request of any Member or through the proper official channels. (*Department of Agriculture and Farm Credit Administration Appropriation Act, 1961.*)

Program and Financing (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
Direct costs:			
1. Cost-sharing assistance to farmers.....	211,954	212,800	212,500
2. Repayment of loans from Commodity Credit Corporation.....	29,501	29,202	25,500
3. Adjustment of prior year costs.....	-105	-----	-----
Total direct program costs ¹	241,350	242,002	238,000
4. Relation of costs to obligations: Obligations incurred for costs of other years, net.....	149	-----	-----
Total direct obligations.....	241,499	242,002	238,000
Costs and obligations from amounts advanced by Commodity Credit Corporation: Cost-sharing assistance to farmers.....	38,200	37,500	17,500
Reimbursable costs—obligations:			
1. Cost-sharing assistance to farmers.....	444	444	444
Total obligations.....	280,143	279,946	255,944
Financing:			
Unobligated balance brought forward.....	-1	-2	-----
Advances and reimbursements from—			
Commodity Credit Corporation (loan).....	-38,200	-37,500	-17,500
Other accounts.....	-100	-140	-140
Non-Federal sources.....	-344	-304	-304
Unobligated balance carried forward.....	2	-----	-----
New obligational authority (appropriation)	241,500	242,000	238,000

¹ Includes capital outlay as follows: 1960, \$21 thousand; 1961, \$10 thousand; 1962, \$10 thousand.

Note.—Reimbursements from non-Federal sources are from proceeds of sale of aerial photographs (7 U.S.C. 1387).

The program is designed to encourage conservation by sharing with farmers and ranchers the cost of carrying out approved soil-building and soil- and water-conserving practices which farmers generally would not perform to the needed extent with their own resources. The rate of cost-sharing which may be given in the form of conservation materials and services or a payment after completion of the practice, averages approximately 50% of the cost.

Conservation measures for which cost-sharing is offered include those which are primarily for (1) establishment of permanent protective cover, (2) improvement and protection of established vegetative cover, (3) conservation and disposal of water, (4) establishment of temporary vegetative cover, and (5) temporary protection of soil from wind and water erosion.

Under the 1959 program, new or additional practices were established on 1,005,505 farms and ranches, consisting of 31% of the cropland and 31% of all farm land in the United States. The following practices were installed under the 1959 program:

[In thousands]		
Dams and reservoirs.....	structures.....	61
Standard terraces.....	acres.....	633
Diversion and spreader terraces.....	miles.....	4
Permanent sod waterways.....	acres.....	42
Stripcropping.....	acres.....	411
Leveling land to conserve irrigation water and control erosion.....	acres.....	324
Drainage.....	acres.....	1,594
Tree planting.....	acres.....	372
Timber stand improvement.....	acres.....	304
Liming materials applied for soil-conserving crops.....	tons.....	15,169
All vegetative cover.....	acres.....	11,093
Control of competitive shrubs on range or pasture.....	acres.....	1,793

AGRICULTURAL CONSERVATION PROGRAM SERVICE—Continued

Current authorizations—Continued

AGRICULTURAL CONSERVATION PROGRAM—Continued

Funds are distributed among the States on the basis of conservation needs. They are, in turn, distributed by the agricultural stabilization and conservation State committees to counties, and the agricultural stabilization and conservation county committees make commitments for conservation practice cost-sharing to eligible farmers and ranchers.

Loans from Commodity Credit Corporation are used to make advance payments to vendors for conservation materials and services furnished to farmers and ranchers prior to the time funds are appropriated each year. Repayment is made from balances of prior appropriations or from new funds appropriated.

The status of the loan account is:

AMOUNTS REPAID OR ESTIMATED TO BE REPAID ON COMMODITY CREDIT CORPORATION LOANS

(In thousands of dollars)

	1960 actual	1961 estimate	1962 estimate	Total
Balance of 1959 loan.....	29,500	-----	-----	29,500
1960 loan.....	9,000	29,200	-----	38,200
1961 loan.....	-----	12,000	25,500	37,500
Total.....	38,500	41,200	25,500	105,200
Interest.....	266	361	200	827

A program level of \$100 million for the 1962 crop year is proposed, a reduction of \$150 million below the 1961 program. It is anticipated that Federal cost-sharing assistance under the 1962 program will be directed toward conservation measures in each county which will contribute to less intensive use of cropland, and that assistance will be curtailed or eliminated for those conservation measures which contribute to an early increase in production. Payments for the 1962 program will be made from the 1963 appropriation.

4. *Relation of costs to obligations.*—The relationship is derived from year-end balances of selected resources and applicable adjustment as reflected in the following table (in thousands of dollars):

	1959 actual	1960 actual	1961 estimate	1962 estimate
Selected resources at end of year: Inventories and items on order:				
Stores (goods unconsumed by projects)....	80	57	57	57
Unpaid undelivered orders (appropriation balances obligated for goods and services on order not yet received).....	343	410	410	410
Total selected resources at end of year..	423	467	467	467
Selected resources at start of year (—).....	—423	—467	—467	—467
Adjustment of prior year costs and selected resources reported at start of year.....	-----	105	-----	-----
Obligations incurred for costs of other years, net..	-----	149	-----	-----

Object Classification (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
AGRICULTURAL CONSERVATION PROGRAM SERVICE			
Direct obligations:			
11 Personnel compensation:			
Permanent positions.....	439	476	478
Positions other than permanent.....	4	4	4
Other personnel compensation.....	3	2	-----
Total personnel compensation.....	447	482	482

Object Classification (in thousands of dollars)—Continued

	1960 actual	1961 estimate	1962 estimate
AGRICULTURAL CONSERVATION PROGRAM SERVICE—Continued			
Direct obligations—Continued			
12 Personnel benefits.....	32	38	38
21 Travel and transportation of persons.....	30	31	31
22 Transportation of things.....	4	2	2
23 Rent, communications, and utilities.....	7	7	7
24 Printing and reproduction.....	12	10	10
25 Other services.....	7	8	8
Advanced to "Administrative expenses, sec. 392, Agricultural Adjustment Act of 1938" (7 U.S.C. 1392).....	24	25	25
26 Supplies and materials.....	6	6	6
31 Equipment.....	3	2	2
41 Grants, subsidies, and contributions.....	213,635	211,733	207,579
Total direct obligations.....	214,206	212,344	208,190
Reimbursable obligations:			
41 Grants, subsidies, and contributions.....	38,644	37,944	17,944
Total, Agricultural Conservation Program Service.....	252,850	250,288	226,134
ALLOTMENT ACCOUNTS			
11 Personnel compensation:			
Permanent positions.....	568	653	655
Positions other than permanent.....	12	11	11
Other personnel compensation.....	11	6	4
Total personnel compensation.....	591	670	670
12 Personnel benefits.....	40	54	54
21 Travel and transportation of persons.....	14	16	16
22 Transportation of things.....	18	16	16
23 Rent, communications, and utilities.....	33	30	30
24 Printing and reproduction.....	1	3	3
25 Other services.....	277	300	300
Advanced to—			
"Administrative expenses, sec. 392, Agricultural Adjustment Act of 1938" (7 U.S.C. 1392).....	4,757	5,150	5,156
"Local administration, sec. 388, Agricultural Adjustment Act of 1938, Agriculture" (7 U.S.C. 1388).....	21,363	23,244	23,390
26 Supplies and materials.....	158	150	150
31 Equipment.....	12	25	25
41 Grants, subsidies, and contributions.....	28	-----	-----
Total, allotment accounts.....	27,292	29,658	29,810
Total obligations.....	280,143	279,946	255,944
Obligations are distributed as follows:			
Agricultural Conservation Program Service.....	252,850	250,288	226,134
Commodity Stabilization Service.....	27,163	29,518	29,670
Forest Service.....	129	140	140

Personnel Summary

AGRICULTURAL CONSERVATION PROGRAM SERVICE			
Total number of permanent positions.....	67	66	66
Full-time equivalent of other positions.....	1	1	1
Average number of all employees.....	63	63	63
Number of employees at end of year.....	71	67	67
Average GS grade.....	8.1	8.3	8.3
Average GS salary.....	\$6,977	\$7,631	\$7,668
ALLOTMENT ACCOUNTS			
Total number of permanent positions.....	124	130	130
Full-time equivalent of other positions.....	4	4	4
Average number of all employees.....	118	124	124
Number of employees at end of year.....	119	131	131
Average GS grade.....	6.4	6.5	6.6
Average GS salary.....	\$5,485	\$6,002	\$6,053

EMERGENCY CONSERVATION MEASURES

Program and Financing (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
Emergency cost-sharing assistance to farmers (total costs—obligations) (object class 41).....	728	1,500	1,500
Financing:			
Unobligated balance brought forward.....	—15,856	—15,330	—13,830
Unobligated balance carried forward.....	15,330	13,830	12,330
New obligational authority (reappropriation).....	202		

Cost-sharing assistance (up to 80% of the cost of carrying out approved practices) is offered to assist and encourage farmers to rehabilitate farm lands damaged by natural disasters. Assistance is available only when, as a result of wind erosion, floods, hurricanes, or other natural disasters, new conservation problems have been created which (1) if not treated, will impair or endanger the land; (2) materially affect the productive capacity of the land; (3) represent damage which is unusual in character and, except for wind erosion, is not the type which would recur frequently in the same area; and (4) will be so costly to rehabilitate that Federal assistance is or will be required to return the land to productive agricultural use.

Funds for emergency cost-sharing assistance are distributed among States on the basis of needs for restoration of damaged lands.

ALLOTMENTS RECEIVED FROM OTHER ACCOUNTS

Note.—Obligations incurred under allotments from other accounts are included in the schedules of the parent appropriations as follows:
 "Conservation reserve program," Commodity Stabilization Service.
 "Great Plains conservation program," Soil Conservation Service.

Intragovernmental funds:

ADVANCES AND REIMBURSEMENTS

Program and Financing (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
Proceeds from sale of equipment (total costs—obligation) (object class 31).....		1	
Financing:			
Advances and reimbursements from non-Federal sources (40 U.S.C. 481(c)).....		1	

AGRICULTURAL MARKETING SERVICE

Current authorizations:

MARKETING RESEARCH AND SERVICE

For expenses necessary to carry on research and service to improve and develop marketing and distribution relating to agriculture as authorized by the Agricultural Marketing Act of 1946 (7 U.S.C. 1621–1627) and other laws, including the administration of marketing regulatory acts connected therewith: *Provided*, That appropriations hereunder shall be available pursuant to 5 U.S.C. 565a for the construction, alteration, and repair of buildings and improvements, but unless otherwise provided, the cost of erecting any one building shall not exceed \$15,000, except for two buildings to be constructed or improved at a cost not to exceed \$30,000 each, and the cost of altering any one building during the fiscal year shall not exceed \$5,000 or 5 per centum of the cost of the building, whichever is greater:

Marketing research and agricultural estimates: For research and development relating to agricultural marketing and distribution, for analyses relating to farm prices, income and population, and demand for farm products, and for crop and livestock estimates, [\$16,515,000] \$18,398,000: *Provided*, That not less than \$350,000 of the funds contained in this appropriation shall be available to continue to gather statistics and conduct a special study on the price spread between the farmer and the consumer: *Provided further*, That no part of the funds herein appropriated shall be available for any expense incident to publishing estimates of apple production for other than the commercial crop;

Marketing services: For services relating to agricultural marketing and distribution, for carrying out regulatory acts connected therewith, and for administration and coordination of payments to States, [\$26,579,900] \$29,982,000, including not to exceed \$25,000 for employment at rates not to exceed \$50 per diem, except for employment in rate cases at not to exceed \$100 per diem pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (5 U.S.C. 574), as amended by section 15 of the Act of August 2, 1946 (5 U.S.C. 55a), in carrying out section 201(a) to 201(d), inclusive, of title II of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1291) and section 203(j) of the Agricultural Marketing Act of 1946.

For an additional amount for "Marketing research and service", for Marketing services, \$1,350,000. (5 U.S.C. 511–512, 541a, 556b, 563–564, 575; 7 U.S.C. 51–65, 71–87, 91–99, 181–229, 241–273, 411, 411a, 411b, 414a, 415b–415e, 423, 440, 471–476, 491–497, 499a–499s, 501–508, 511–511g, 516, 581–589, 951–957, 1551–1610; 15 U.S.C. 251–257i; 21 U.S.C. 94a, 451–469; 26 U.S.C. 4851–4854, 4861–4865, 4871–4877, 6001, 6804, 7233, 7263, 7492, 7493, 7701; 31 U.S.C. 725d; 74 Stat. 328, 734; Department of Agriculture and Farm Credit Administration Appropriation Act, 1961; Supplemental Appropriation Act, 1961.)

Program and Financing (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
Direct costs:			
1. Marketing research and agricultural estimates:			
(a) Marketing research.....	7,211	7,854	8,192
(b) Economic and statistical analysis.....	1,579	1,752	1,752
(c) Crop and livestock estimates.....	6,385	7,920	8,454
Total, marketing research and agricultural estimates.....	15,175	17,526	18,398
2. Marketing services:			
(a) Market news service.....	4,876	5,320	5,389
(b) Inspection, grading, classing, and standardization.....	17,145	21,025	21,051
(c) Regulatory activities.....	2,808	3,270	3,462
(d) Administration and coordination of State payments.....	75	80	80
Total, marketing services.....	24,904	29,695	29,982
Total direct program costs¹.....	40,079	47,221	48,380
3. Relation of costs to obligations: Obligations incurred for costs of other years, net.....	224		
Total direct obligations.....	40,303	47,221	48,380
Reimbursable costs—obligations:			
2. Marketing services:			
(b) Inspection, grading, classing, and standardization ²	3,030	3,788	3,788
Total obligations.....	43,333	51,009	52,168
Financing:			
Comparative transfers from (—) other accounts.....	—50		
Advances and reimbursements from other accounts.....	—3,030	—3,788	—3,788
Unobligated balance lapsing.....	1,164		
New obligational authority.....	41,417	47,221	48,380

¹ Includes capital outlay as follows: 1960, \$567 thousand; 1961, \$401 thousand; 1962, \$418 thousand.

² Includes capital outlay as follows: 1960, \$49 thousand; 1961, \$34 thousand; 1962, \$34 thousand.

AGRICULTURAL MARKETING SERVICE—Con.

Current authorizations—Continued

MARKETING RESEARCH AND SERVICE—Continued

Program and Financing (in thousands of dollars)—Continued

	1960 actual	1961 estimate	1962 estimate
New obligational authority:			
Appropriation.....	41,417	44,445	48,380
Proposed supplemental due to pay increases.....	-----	2,776	-----

The domestic agricultural marketing and distribution functions of the Department are concentrated primarily in the Agricultural Marketing Service. The marketing job has become more complex with growth and shift in population, technological developments in production and marketing, and as more functions have been transferred from the farm and home to various segments of the marketing system. The work under this appropriation is aimed at aiding in the orderly and efficient marketing and effective distribution of agricultural products from the Nation's farms to the consumers.

During 1960, the Service acquired at no cost property valued at an estimated \$109.5 thousand which had been declared excess by other Federal agencies and by other services of the Department of Agriculture. Such property was used primarily in lieu of purchasing new equipment.

1. *Marketing research and agricultural estimates*—(a) *Marketing research*.—This work is aimed at developing practical answers to problems encountered in moving products from the farm to the consumer. In cooperation with public and private agencies and trade groups, efforts are made to expand markets, reduce losses from waste and spoilage, and reduce marketing costs through improved marketing efficiency and organization. The work includes research at each stage of marketing, such as at assembly points, terminal or central markets, and retail markets.

	1958 actual	1959 actual	1960 actual
Individual research projects:			
Active at end of year.....	493	459	463
Completed during year.....	76	99	103
Initiated during year.....	78	77	111
Contracts for marketing research by private firms or other non-Federal agencies:			
Number negotiated during year.....	44	40	25
Number in effect, end of year.....	73	59	54
Research findings made public through:			
Marketing research reports.....	53	92	74
Articles and formal speeches.....	236	268	258
Periodic reports.....	60	80	59
Press releases.....	53	98	103

The proposed increase for 1962 would provide for continuation of and increased emphasis on research to improve the spinning, weaving and finishing qualities of cotton started in 1961 with Commodity Credit Corporation funds.

(b) *Economic and statistical analysis*.—This work involves the collection, analysis and interpretation of data affecting agricultural prices, farm income, supply and consumption of farm products, trends in farm population, and changes in the level of living of farm people. The results of these studies are made available through situation, outlook and research reports which serve as the basis for much of the economic work done by the Extension Service, farm organizations, businessmen, and organizations handling farm products. Farmers and others rely on informa-

tion from these reports in planning the most profitable adjustments in their operations and marketing programs. Approximately 80 of the 90 outlook and situation reports published by the Department were issued under this activity. Further technical reporting of economic and statistical analysis activities was contained in about 18 reports published during 1960.

(c) *Crop and livestock estimates*.—This service provides the official estimates on agriculture, including acreage, yield, and production of crops, stocks and value of farm commodities, numbers and inventory value of livestock items, and prices paid and received by farmers. These data also are basic to computation of parity prices. Data on approximately 150 crop and livestock products are covered in more than 500 reports issued each year. The activity is conducted through 43 State offices serving 50 States, most of which are operated as joint State and Federal services. Cooperative arrangements with State agencies provide a considerable volume of additional data which would not be collected or made available from Federal funds. During 1960, cooperating States expended an estimated \$1.4 million of their own funds on these associated State programs. A comparison of activity data for 1959 and 1960, including work performed under cooperative arrangements, is as follows:

	1959 actual	1960 preliminary
Separate mailings of inquiry forms, average per field office.....	344	346
Total questionnaires handled, all field and D.C. offices:		
Number distributed.....	9,500,000	9,700,000
Number of returns tabulated.....	2,900,000	3,050,000
Number of objective survey contacts (measurements and interviews).....	32,700	32,200
Number of official reports issued, all offices.....	9,600	9,700
Copies of reports distributed.....	13,500,000	13,800,000
Publications distributed:		
Federal (mainly Agricultural Situation).....	3,100,000	3,100,000
State: Statistical and other.....	360,000	360,000
Special requests for information answered.....	75,000	75,000

The increase for 1962 would be used to expand to additional States and commodities the long-range program to improve the crop and livestock estimating service.

2. *Marketing services*—(a) *Market news service*.—This service provides current information on supply, movement, and prices at specific markets for practically all agricultural commodities. This day-to-day market information enables American farmers to determine where and when to sell and at what price. The information is collected and disseminated at year-round and seasonal offices maintained in more than 100 cities and towns, often with financial support and cooperation of the States. Every available means of dissemination is used—mail, press, radio, television, telephone, telegraph, bulletin boards, and trade and farm publications.

The proposed increase for 1962 would be used to improve the overall dissemination of market data by strengthening the leased wire system.

MARKET NEWS SERVICE

	1958 actual	1959 actual	1960 actual
States covered by cooperative agreement.....	39	40	41
Field offices:			
Year-round.....	169	174	175
Seasonal.....	39	36	38
Buyers and sellers interviewed.....	21,734	21,742	21,567
Daily newspapers carrying reports (approximate).....	1,200	1,200	1,200
Stations broadcasting reports:			
Radio.....	1,460	1,470	1,470
Television.....	150	165	165
Mimeographed releases to growers, shippers, and others.....	28,844,077	25,733,345	24,673,455
Names on mailing list.....	302,646	295,139	273,185

(b) *Inspection, grading, classing, and standardization.*—Uniform standards of quality for agricultural products are established and applied to specific lots of produce to promote confidence between buyers and sellers; reduce hazards in marketing due to misunderstandings and disputes arising from the use of nonstandard descriptions; encourage better preparation of products for market; and furnish consumers with more definite information on the quality of products they buy. The standards are applied directly by or under the supervision of Federal employees at the request of any interested party, and generally for a fee. The inspection of poultry for wholesomeness is also carried on under this project. Approximately 63% of the total cost of this work was offset by fees and other revenue in 1960, which are shown principally under "Agricultural Marketing Service trust funds" in part III of the budget.

STANDARDIZATION ACTIVITIES

	1958 actual	1959 actual	1960 actual
Grade standards in effect.....	1,379	1,385	1,545
Number of commodities covered.....	276	277	282

INSPECTION, GRADING, AND CLASSING ACTIVITIES UNDER APPROPRIATED FUNDS

	1960 actual	1961 estimate	1962 estimate
Cotton classings by Federal employees.....number..	15,293,631	18,600,000	18,600,000
Poultry products inspection:			
Volume inspected.....1,000 lbs..	6,542,106	6,869,000	7,212,000
Grain inspections by licensees			
number.....	3,040,300	3,250,000	3,500,000
Volume inspected.....1,000 bu..	5,971,592	6,250,000	6,500,000
Tobacco auction markets.....number..	177	177	177
Volume inspected at markets			
million lbs..	1,818	1,850	1,850
Sets of buyers.....number..	240	240	240

(c) *Regulatory activities.*—These include the administration of regulatory laws such as packers and stockyards, standard container, United States warehouse, and Federal seed, to assure fair play in the market place and protect producers and handlers of agricultural commodities from financial loss due to deceptive, careless, or fraudulent marketing practices. Assistance is also provided to farmers and others in obtaining and maintaining equitable and reasonable transportation rates and services on farm products and supplies. The continued growth of facilities and means for transporting, storing, buying and selling results in more demand and need for protection and benefits from these activities.

The increase for 1962 would be used to provide for more effective administration of the Packers and Stockyards Act, as amended.

	1960 actual	1961 estimate	1962 estimate
Packers and Stockyards Act:			
Yards posted and subject to supervision.....	2,115	2,200	2,200
Formal proceedings requiring action..	261	291	346
Warehouse Act:			
Number of licensed warehouses.....	1,742	1,760	1,775
Capacity of licensed warehouses:			
Grain (million bushels).....	1,188.0	1,250.0	1,300.0
Cotton (million bales).....	13.5	13.6	13.6
Average number of supervisory inspections per warehouse.....	1.99	1.90	1.80
Seed Act:			
Import actions.....	18,808	20,000	20,000
Interstate investigations:			
Completed.....	977	1,000	1,000
Pending.....	537	500	500
Seed samples tested.....	21,957	23,500	23,500
Freight rate services:			
Formal litigation.....	87	87	87
Informal negotiations.....	55	55	55
Commodities or rates affected.....	142	142	142

(d) *Administration and coordination of State payments.*—This covers the Federal activity required in administering and coordinating the marketing service work performed by the States and financed jointly by State funds and Federal funds provided by the appropriation "Payments to States and Possessions." In 1960, this work was carried on in 40 States.

3. *Relation of costs to obligations.*—The relationship is derived from year-end balances of selected resources and applicable adjustment as reflected in the following table (in thousands of dollars):

	1959 actual	1960 actual	1961 estimate	1962 estimate
Selected resources at end of year:				
Unpaid undelivered orders (appropriation balances obligated for goods and services on order not yet received)....	1,251	1,376	1,376	1,376
Advances (payment for goods and services on order not yet received).....	5	13	13	13
Total selected resources at end of year.....	1,256	1,389	1,389	1,389
Selected resources at start of year.....		-1,256	-1,389	-1,389
Adjustment of prior year costs and selected resources reported at start of year.....		91		
Obligations incurred for costs of other years, net....		224		

Object Classification (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Personnel compensation:			
Permanent positions.....	30,238	36,240	36,697
Positions other than permanent.....	1,063	1,422	1,550
Other personnel compensation.....	357	291	152
Total personnel compensation.....	31,658	37,953	38,399
Direct obligations:			
11 Personnel compensation.....	29,492	35,100	35,545
12 Personnel benefits.....	2,021	2,723	2,766
21 Travel and transportation of persons.....	2,329	2,897	3,084
22 Transportation of things.....	332	335	351
23 Rent, communications, and utilities.....	2,206	2,453	2,629
24 Printing and reproduction.....	597	616	661
25 Other services.....	1,347	1,305	1,466
Services of other agencies.....	742	827	827
26 Supplies and materials.....	573	591	632
31 Equipment.....	618	345	419
32 Lands and structures.....	41	30	
42 Insurance claims and indemnities.....	4		
Total, direct obligations.....	40,303	47,221	48,380
Reimbursable obligations:			
11 Personnel compensation.....	2,166	2,854	2,854
12 Personnel benefits.....	130	191	191
21 Travel and transportation of persons.....	275	285	285
22 Transportation of things.....	112	120	120
23 Rent, communications, and utilities.....	160	180	180
24 Printing and reproduction.....	25	27	27
25 Other services.....	8	14	14
Services of other agencies.....	19	9	9
26 Supplies and materials.....	70	71	71
31 Equipment.....	65	37	37
42 Insurance claims and indemnities.....	1		
44 Refunds.....			
Total, reimbursable obligations.....	3,030	3,788	3,788
Total obligations.....	43,333	51,009	52,168

Personnel Summary

	1960 actual	1961 estimate	1962 estimate
Total number of permanent positions.....	7,985	6,913	7,004
Full-time equivalent of other positions.....	282	357	390
Average number of all employees.....	5,366	6,007	6,124
Number of employees at end of year.....	5,749	6,400	6,988
Average GS grade.....	7.3	7.5	7.5
Average GS salary.....	\$5,795	\$6,356	\$6,337
Average salary of ungraded positions.....	\$4,391	\$4,430	\$4,409

AGRICULTURAL MARKETING SERVICE—Con.

Current authorizations—Continued

PAYMENTS TO STATES AND POSSESSIONS

For payments to departments of agriculture, bureaus and departments of markets, and similar agencies for marketing activities under section 204(b) of the Agricultural Marketing Act of 1946 (7 U.S.C. 1623(b)), \$1,195,000. (*Department of Agriculture and Farm Credit Administration Appropriation Act, 1961.*)

Program and Financing (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
Payments for marketing service work (sec. 204(b) of the Agricultural Marketing Act of 1946) (total costs—obligations) (object class 41)-----	1,195	1,195	1,195
Financing:			
New obligatory authority (appropriation)---	1,195	1,195	1,195

Payments are made on a matching fund basis to State marketing agencies for carrying out specifically approved marketing service programs designed to bring about improved marketing. Under this activity, marketing specialists work with farmers, marketing firms, and agencies in solving marketing problems and in putting to use marketing research results.

This program covers such projects as methods of maintaining and improving the quality of products; ways of reducing marketing costs; expanding outlets for surplus products; and the collection and dissemination of special State and local market information and statistics. Through this cooperative approach, the Federal Government's leadership and money are coupled with State resources and experience to aid in the solution of the most urgent local and area marketing problems.

In 1961, with 40 States conducting 117 projects, the program is being carried on generally at the same level as in 1960. For 1962, the program level will be the same as in 1961.

SCHOOL LUNCH PROGRAM

For necessary expenses to carry out the provisions of the National School Lunch Act (42 U.S.C. 1751-1760), \$110,000,000: *Provided*, That no part of this appropriation shall be used for nonfood assistance under section 5 of said Act: *Provided further*, That \$45,000,000 shall be transferred to this appropriation from funds available under section 32 of the Act of August 24, 1935, for purchase and distribution of agricultural commodities and other foods pursuant to section 6 of the National School Lunch Act. (*Department of Agriculture and Farm Credit Administration Appropriation Act, 1961.*)

Program and Financing (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
1. Food assistance:			
(a) Cash payments to States-----	93,667	93,600	93,600
(b) Commodity procurement-----	57,118	59,634	59,634
2. Operating expenses-----	1,526	1,766	1,766
Total program costs ¹ -----	152,310	155,000	155,000
3. Relation of costs to obligations: Obligations incurred for costs of other years, net-----	239		
Total obligations-----	152,550	155,000	155,000

¹ Includes capital outlay as follows: 1960, \$8 thousand; 1961, \$8 thousand; 1962, \$8 thousand.

Program and Financing (in thousands of dollars)—Continued

	1960 actual	1961 estimate	1962 estimate
Financing:			
Unobligated balance lapsing-----	1,107		
New obligatory authority-----	153,657	155,000	155,000
New obligatory authority:			
Appropriation-----	110,000	110,000	110,000
Transferred from "Removal of surplus agricultural commodities" (73 Stat. 173; 74 Stat. 238)-----	43,657	45,000	45,000
Appropriation (adjusted):			
Current-----	110,000	110,000	110,000
Permanent-----	43,657	45,000	45,000

1. *Food assistance*, in the form of both funds and food, is provided to States and possessions in serving lunches to school children. Each State's portion of the funds available is determined by a statutory formula which takes into account the number of school-age children in the State and the relationship between the per capita income of the State and the average United States per capita income.

The program is operated under an agreement entered into by the State educational agency (which administers the program within the State) and the Department of Agriculture. Schools make application to the State agency and if accepted are reimbursed for a part of the food cost of each meal served.

In 1960, the States contributed to this program \$777 million, most of which came from payments by children. This was far in excess of the statutory matching requirement of \$3 for each Federal dollar of cash payment.

In addition to providing cash assistance, this appropriation is used to purchase food for distribution to the schools according to their need under section 6 of the School Lunch Act. Transfers are made to this appropriation from the fund authorized under section 32 of the Act of August 24, 1935, as amended, for the purchase and distribution of agricultural commodities and other foods pursuant to section 6 of the National School Lunch Act. Further, commodities acquired under price support programs and assistance through the Special Milk Program are available to the schools. The volume of surplus commodities distributed to schools, however, depends upon market conditions and the need for the Federal Government to remove surpluses.

The program in 1960 during the peak month provided lunches to over 31% of the approximately 40.7 million school children in the country. The number of type A lunches served, which must meet established nutritional requirements, increased approximately 7% over 1959. Participation in the program in December 1959 reached 12.8 million children in 62,300 schools and an appreciable increase in number of participating children is expected in 1961 and 1962.

During 1960 about \$672 million worth of agricultural commodities were used in the program. About 20% of this amount represented commodities contributed under section 6 of the School Lunch Act and the Federal surplus removal and price support programs.

Participation in the program from 1959 through 1962 is as follows:

	1959 actual	1960 preliminary	1961 estimate	1962 estimate
Number of schools (month of peak participation).....	61,442	62,975	63,000	63,500
Number of school children (peak-thousands).....	12,053	12,839	13,500	14,200
Number of meals served (millions).....	2,009	2,144	2,272	2,375

Financing of the program in the last 3 years was as follows (in millions of dollars):

	1958	1959	1960
State and local contributions (total, including payments by children).....	634.9	708.8	1 777.2
Federal appropriation (National School Lunch Act):			
(a) Cash payments.....	83.7	93.8	93.7
(b) Commodity distribution (sec. 6).....	14.8	42.7	61.1
Surplus commodity distribution.....	76.0	66.8	70.9
Special milk program.....	65.1	72.4	78.2
Federal contributions.....	239.6	275.7	303.9
Total, all contributions.....	874.5	984.5	1,081.1

¹ Preliminary.

2. *Operating expenses* consist of furnishing administrative and technical assistance to State agencies and participating schools; apportioning cash to States, Guam, Puerto Rico, and the Virgin Islands; administering directly the program for over 2,700 private schools where the State educational agency is prohibited by law from disbursing funds to such schools; procuring and distributing section 6 commodities; and formulating and administering overall policies and procedures, including audits and administrative reviews.

3. *Relation of costs to obligations.*—Year-end balances of unpaid undelivered orders are as follows: 1959, \$28 thousand; 1959 (adjusted), —\$230 thousand; 1960, \$9 thousand; 1961, \$9 thousand; 1962, \$9 thousand.

Object Classification (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
AGRICULTURAL MARKETING SERVICE			
11 Personnel compensation:			
Permanent positions.....	987	1,136	1,136
Positions other than permanent.....	3	6	6
Other personnel compensation.....	11	8	8
Total personnel compensation.....	1,001	1,150	1,150
12 Personnel benefits.....	67	93	93
21 Travel and transportation of persons.....	107	120	120
22 Transportation of things.....	2	3	3
23 Rent, communications, and utilities.....	50	48	48
24 Printing and reproduction.....	18	18	18
25 Other services.....	12	12	12
Services of other agencies.....	36	40	40
26 Supplies and materials.....	8	9	9
Grants of commodities to States.....	57,280	59,634	59,634
31 Equipment.....	9	9	9
41 Grants, subsidies, and contributions (cash payments).....	93,743	93,600	93,600
Total, Agricultural Marketing Service.....	152,333	154,736	154,736
ALLOCATION TO COMMODITY STABILIZATION SERVICE			
11 Personnel compensation:			
Permanent positions.....	185	213	214
Other personnel compensation.....	1	1	-----
Total personnel compensation.....	186	214	214
12 Personnel benefits.....	13	15	15
21 Travel and transportation of persons.....	1	1	1
22 Transportation of things.....	-----	1	1
23 Rent, communications, and utilities.....	13	27	27
24 Printing and reproduction.....	1	2	2

Object Classification (in thousands of dollars)—Continued

	1960 actual	1961 estimate	1962 estimate
ALLOCATION TO COMMODITY STABILIZATION SERVICE—Continued			
25 Other services.....	1	2	2
26 Supplies and materials.....	2	2	2
Total, Commodity Stabilization Service.....	217	264	264
Total obligations.....	152,550	155,000	155,000

Personnel Summary

AGRICULTURAL MARKETING SERVICE			
Total number of permanent positions.....	156	173	173
Full-time equivalent of other positions.....	1	1	1
Average number of all employees.....	153	167	167
Number of employees at end of year.....	130	167	167
Average GS grade.....	7.3	7.5	7.5
Average GS salary.....	\$5,795	\$6,356	\$6,337
Average salary of ungraded positions.....	\$4,391	\$4,430	\$4,409
ALLOCATION TO COMMODITY STABILIZATION SERVICE			
Total number of permanent positions.....	35	40	40
Average number of all employees.....	35	40	40
Number of employees at end of year.....	11	11	11
Average GS grade.....	6.3	6.4	6.5
Average GS salary.....	\$5,470	\$5,994	\$6,052

ALLOTMENTS AND ALLOCATIONS RECEIVED FROM OTHER ACCOUNTS

Note.—Obligations incurred under allotments and allocations from other accounts are included in the schedules of the parent appropriations as follows:
 "Civil defense and defense mobilization functions of Federal agencies," Office of Civil and Defense Mobilization.
 "Commodity Credit Corporation fund."
 "Commodity Credit Corporation, administrative expenses."
 "Mutual security—economic," funds appropriated to the President.

Permanent authorizations:

PERISHABLE AGRICULTURAL COMMODITIES ACT FUND

(Indefinite special fund)

Program and Financing (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
Licensing dealers and handling complaints:			
Direct costs.....	722	829	829
Reimbursable costs.....	25	25	25
Total program costs—obligations ¹	747	854	854
Financing:			
Unobligated balance brought forward.....	—388	—345	—186
Advanced from "Marketing research and service" (7 U.S.C. 499s).....	—25	—25	—25
Unobligated balance carried forward.....	345	186	27
New obligational authority (appropriation).....	679	670	670

¹ Includes capital outlay as follows: 1960, \$1 thousand; 1961, \$2 thousand; 1962, \$2 thousand.

License fees are deposited in this special fund and are used to meet costs of administering the Perishable Agricultural Commodities, Produce Agency, and Export Apple and Pear Acts (7 U.S.C. 491–497, 499a–499s, 581–589).

These acts are intended to assure equitable treatment to farmers and others in the marketing of fresh and frozen

AGRICULTURAL MARKETING SERVICE—Con.**Permanent authorizations—Continued****PERISHABLE AGRICULTURAL COMMODITIES ACT FUND—Continued**

fruits and vegetables. Commission merchants, dealers, and brokers handling these products in interstate and foreign commerce are licensed. Complaints of violations are investigated and violations dealt with by (a) informal settlements agreeable to both parties, (b) formal decisions involving payments of reparation awards between parties, and (c) suspension or revocation of license and/or publication of the facts. Approximately 25,000 licenses were in effect on June 30, 1960, and it is expected that licenses will remain at that level through 1962. Formal complaints have continued to increase and more than 2,400 are expected during 1962. Emphasis on assisting growers and shippers to correct or prevent misbranding of produce will tend to reduce the number of potential complaints.

Object Classification (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Direct obligations:			
11 Personnel compensation:			
Permanent positions.....	590	677	677
Positions other than permanent.....	8	7	7
Other personnel compensation.....	5	3	
Total personnel compensation.....	603	687	684
12 Personnel benefits.....	16	31	31
21 Travel and transportation of persons.....	48	53	56
22 Transportation of things.....	1	1	1
23 Rent, communications, and utilities.....	27	30	30
24 Printing and reproduction.....	12	12	12
25 Other services.....	6	6	6
26 Supplies and materials.....	8	8	8
31 Equipment.....	1	1	1
Total direct obligations.....	722	829	829
Reimbursable obligations:			
12 Personnel benefits.....	25	25	25
Total obligations.....	747	854	854

Personnel Summary

Total number of permanent positions.....	137	121	121
Full-time equivalent of other positions.....	2	2	2
Average number of all employees.....	105	112	112
Number of employees at end of year.....	127	125	125
Average GS grade.....	7.3	7.5	7.5
Average GS salary.....	\$5,795	\$6,356	\$6,337
Average salary of ungraded positions.....	\$4,391	\$4,430	\$4,409

REMOVAL OF SURPLUS AGRICULTURAL COMMODITIES

(Indefinite)

Program and Financing (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
1. Commodity program payments:			
(a) Direct purchases.....	61,636	105,173	104,933
(b) Diversion payments.....	153		
(c) Export payments.....	10,874		
(d) Production payments.....	7,543		
2. Surplus removal operating expenses.....	2,419	2,797	2,882
3. Marketing agreements and orders.....	1,772	2,030	2,185
Total program costs ¹	84,397	110,000	110,000

¹ Includes capital outlay as follows: 1960, \$34 thousand; 1961, \$35 thousand; 1962, \$35 thousand.

Program and Financing (in thousands of dollars)—Continued

	1960 actual	1961 estimate	1962 estimate
Program by activities—Continued			
4. Relation of costs to obligations: Obligations incurred for costs of other years, net.....	25,364		
Total obligations.....	109,761	110,000	110,000
Financing:			
Unobligated balance brought forward.....	—300,000	—300,000	—300,000
Recovery of prior year obligations.....	—681		
Unobligated balance carried forward.....	300,000	300,000	300,000
Unobligated balance lapsing.....	91,222	156,823	174,383
New obligational authority.....	200,302	266,823	284,383
New obligational authority:			
Appropriation.....	251,446	319,961	337,500
Transferred to—			
"Promote and develop fishery products and research pertaining to American fisheries," Bureau of Commercial Fisheries, Department of the Interior (15 U.S.C. 713-c, as amended by act of Aug. 8, 1956).....	—4,994	—5,321	—5,000
"School lunch program" (73 Stat. 173; 74 Stat. 238).....	—43,657	—45,000	—45,000
"Salaries and expenses," Foreign Agricultural Service (73 Stat. 173; 74 Stat. 238).....	—2,493	—2,639	—3,117
Appropriation (adjusted).....	200,302	267,001	284,383
Proposed transfer for pay increases to "Salaries and expenses," Foreign Agricultural Service.....		—178	

Under section 32 of the act of August 24, 1935 (7 U.S.C. 612c), an amount equal to 30% of customs receipts during each calendar year (except for an amount equal to 30% of such receipts collected on fishery products transferred to the Department of the Interior to encourage the distribution of fishery products), and unused balances up to \$300 million are available for expanding domestic and foreign market outlets for farm commodities. As provided in recent appropriation acts, transfers have been made from this fund to the school lunch program for the purchase and distribution of agricultural commodities and other foods pursuant to section 6 of the National School Lunch Act. Section 32 funds are also authorized for the administration of marketing agreements and orders, and the section 22 import-control programs. The basic legislation provides that funds devoted to any one commodity or product thereof must not exceed 25% of funds available. It also provides that the funds must be devoted principally to perishable agricultural commodities other than those receiving price support under title II of the Agricultural Act of 1949. It has been determined that this provision can be legally satisfied by setting aside or reserving the principal portion of section 32 funds for the use of perishable nonbasic agricultural commodities when the occasion arises warranting their use for such purpose.

1. *Commodity program payments* include direct purchases which are donated to the school lunch program, charitable institutions serving needy persons, and persons certified by welfare agencies as eligible for relief; diversion payments which enable processors to purchase surplus commodities on the domestic market, divert them to by-products and new uses, and sell them at prices comparable to competing products, thus creating new markets for

surplus commodities; export payments which enable exporters to purchase surplus commodities on the domestic market and sell them on the world market at competitive world prices; and production payments which help to reestablish farmers' purchasing power. During the past 2 years assistance under these programs was given to the following commodity groups (in millions of dollars):

	1959	1960
Dairy products.....	101.1	51.9
Eggs and poultry.....	6.4	24.1
Fruits.....	.1	7.8
Grains.....		10.8
Livestock.....		8.0
Peanut butter.....	1.1	2.4
Vegetables.....	7.6	.2
Miscellaneous.....	.3	.3
Total.....	116.6	105.5

The use of section 32 program funds is contingent upon economic conditions. The estimates for both 1961 and 1962 reflect in total the requirements based on the situation as now foreseen. Distribution of this total in advance would be highly tentative since the type of program to be used is dependent upon a determination at the time of the kind of action which will best meet the particular need which had developed. If troublesome surpluses not now foreseen should develop, steps will be taken to use additional available funds for their removal or diversion as conditions might warrant.

2. *Surplus removal operating expenses* occur mainly in connection with purchasing, exporting, and diverting surplus commodities and in distributing section 32 and Commodity Credit Corporation commodities to eligible outlets. Distribution in 1960, including those under section 6 of the National School Lunch Act, is summarized below (in millions):

Distribution	Number of recipients (peak month)	Value of commodities distributed	Pounds of commodities distributed
By recipients:			
School children.....	14.6	\$132.0	523.5
Needy persons.....	4.3	59.4	525.9
Persons in charitable institutions.....	1.5	15.7	127.9
Foreign countries: 91.....		148.9	1,862.4
Total.....		356.0	3,039.7
By program:			
Section 32.....		62.4	178.1
Donation by Commodity Credit Corporation under section 416.....		232.5	2,602.5
Section 6, National School Lunch Act.....		61.1	259.1
Total.....		356.0	3,039.7

Supervisory assistance is furnished local and State groups to encourage the preservation of surpluses for year-round use. In cooperation with the food trade, press and radio, greater consumption of abundant foods is encouraged. In 1960 the monthly plentiful foods list contained an average of 10 foods, and 10 National and 24 area, State, and local drives were conducted.

3. *Marketing agreements and orders* are put into effect upon request of producers or handlers after hearings and investigations, and approval by producers (and handlers in case of marketing agreements). They help to stabilize prices and benefit producers and consumers by establishing and maintaining orderly marketing conditions. Administration at the local level is financed by assessments upon handlers. On June 30, 1960, there were 80 orders

in effect for milk and 38 covering tree fruits, tree nuts, and vegetables.

4. *Relation of costs to obligations.*—The relationship is derived from year-end balances of selected resources and applicable adjustment as reflected in the following table (in thousands of dollars):

	1959 actual	1960 actual	1961 estimate	1962 estimate
Selected resources at end of year: Inventories and items on order:				
Stores (goods unconsumed by projects).....	1,536	9,443	-----	-----
Unpaid undelivered orders (appropriation balances obligated for goods and services on order not yet received).....	5,550	22,340	31,783	31,783
Total selected resources at end of year.....	7,086	31,783	31,783	31,783
Selected resources at start of year (—).....		—7,086	—31,783	—31,783
Adjustment of prior year costs and selected resources reported at start of year.....		667	-----	-----
Obligations incurred for costs of other years, net.....		25,364	-----	-----

Object Classification (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
AGRICULTURAL MARKETING SERVICE			
11 Personnel compensation:			
Permanent positions.....	2,980	3,436	3,628
Positions other than permanent.....	11	15	15
Other personnel compensation.....	29	15	16
Total personnel compensation.....	3,020	3,466	3,659
12 Personnel benefits.....	206	264	279
21 Travel and transportation of persons.....	274	287	302
22 Transportation of things.....	11	13	14
23 Rent, communications, and utilities.....	120	120	125
24 Printing and reproduction.....	41	43	46
25 Other services.....	63	54	54
Services of other agencies.....	10	9	9
26 Supplies and materials.....	31	34	37
Grants of commodities to States.....	35,248	39,273	99,933
31 Equipment.....	34	24	29
41 Grants, subsidies, and contributions (commodity program payments).....	7,543	2,400	-----
Total, Agricultural Marketing Service.....	46,601	45,987	104,487
ALLOCATION TO COMMODITY STABILIZATION SERVICE			
11 Personnel compensation:			
Permanent positions.....	313	339	340
Other personnel compensation.....	3	1	-----
Total personnel compensation.....	316	340	340
12 Personnel benefits.....	22	25	25
21 Travel and transportation of persons.....	9	11	10
22 Transportation of things.....	1	1	1
23 Rent, communications, and utilities.....	45	45	46
24 Printing and reproduction.....	2	4	4
25 Other services.....	2	2	2
Advanced to—			
“Administrative expenses, sec. 392 Agricultural Adjustment Act of 1938” (7 U.S.C. 1392).....	9	38	38
“Local administration, sec. 388, Agricultural Adjustment Act of 1938” (7 U.S.C. 1388).....	13	43	43
26 Supplies and materials.....	4	4	4
Grants of commodities to States.....	51,863	58,500	-----
41 Grants, subsidies, and contributions (commodity program payments).....	10,874	5,000	5,000
Total, Commodity Stabilization Service.....	63,160	64,013	5,513
Total obligations.....	109,761	110,000	110,000

AGRICULTURAL MARKETING SERVICE—Con.

Permanent authorizations—Continued

REMOVAL OF SURPLUS AGRICULTURAL COMMODITIES—Continued

Personnel Summary

	1960 actual	1961 estimate	1962 estimate
AGRICULTURAL MARKETING SERVICE			
Total number of permanent positions.....	527	508	548
Full-time equivalent of other positions.....	3	4	4
Average number of all employees.....	433	472	507
Number of employees at end of year.....	450	487	523
Average GS grade.....	7.3	7.5	7.5
Average GS salary.....	\$5,795	\$6,356	\$6,337
Average salary of ungraded positions.....	\$4,391	\$4,430	\$4,409

ALLOCATION TO COMMODITY STABILIZATION SERVICE

Total number of permanent positions.....	75	80	78
Average number of all employees.....	56	60	58
Number of employees at end of year.....	73	37	50
Average GS grade.....	6.3	6.4	6.5
Average GS salary.....	\$5,470	\$5,994	\$6,052

Intragovernmental funds:

ADVANCES AND REIMBURSEMENTS

Program and Financing (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
1. Statistical and tabulating services:			
Department of Agriculture.....	91	130	130
Other Federal agencies.....	73	67	67
2. Market news service:			
Department of Agriculture.....	2	1	1
State agencies under cooperative agree- ment.....	199	205	205
3. Inspection, grading, classing, and stand- ardization:			
Department of Agriculture.....	75	41	41
Other Federal agencies.....	8	8	8
Non-Federal sources.....	1,504	1,992	1,992
4. Administration of special milk program.....	599		
5. Wool marketing agreements.....	7	10	10
6. Research on cotton quality evaluation.....		250	
7. Storage research on Commodity Credit Corporation owned grains.....	98	40	40
8. Other services relating to programs ad- ministered by Commodity Stabiliza- tion Service.....	114	206	206
9. Miscellaneous services to other accounts.....	47	48	48
10. Prior year advances returned.....	42	14	
Total program costs ¹	2,859	3,012	2,748
11. Relation of costs to obligations: Costs financed from obligations of other years, net (—).....	—7		
Total obligations.....	2,852	3,012	2,748
Financing:			
Unobligated balance brought forward.....	17	14	
Advances and reimbursements from—			
Other accounts.....	1,133	793	543
Non-Federal sources ²	1,716	2,205	2,205

¹ Includes capital outlay as follows: 1960, \$14 thousand; 1961, \$15 thousand; 1962, \$17 thousand.

² Reimbursements from non-Federal sources above include amounts from co-operating universities and State, county, local and private agricultural agencies (5 U.S.C. 563, 564); from States, municipalities, persons, or licensed tobacco inspectors for services rendered (7 U.S.C. 511e); from sale of photographic slides (7 U.S.C. 1387) and personal property (40 U.S.C. 481(c)); for overtime and holiday work performed at poultry processing plants and in connection with appeals inspections on grain (21 U.S.C. 468; 7 U.S.C. 78); from refund of terminal leave payments (5 U.S.C. 61b); from jury fees (5 U.S.C. 30p); and from importers in connection with reconditioning seed (7 U.S.C. 1582(a)). 1960 amounts exclude \$116 thousand of unfilled orders from other accounts at end of year which will become reimbursements of a subsequent year.

Program and Financing (in thousands of dollars)—Continued

	1960 actual	1961 estimate	1962 estimate
Financing—Continued			
Unobligated balance carried forward.....	—14		
Total financing.....	2,852	3,012	2,748

11. *Relation of costs to obligations.*—Year-end balances of unpaid undelivered orders are as follows: 1959, \$5 thousand; 1959 (adjusted), \$8 thousand; 1960, \$1 thousand; 1961, \$1 thousand; 1962, \$1 thousand.

Object Classification (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
11 Personnel compensation:			
Permanent positions.....	1,385	993	996
Positions other than permanent.....	1	12	12
Other personnel compensation.....	1,027	1,394	1,391
Total personnel compensation.....	2,413	2,399	2,399
12 Personnel benefits.....	66	62	62
21 Travel and transportation of persons.....	122	79	79
22 Transportation of things.....	4	11	11
23 Rent, communications, and utilities.....	136	101	101
24 Printing and reproduction.....	7	7	7
25 Other services.....	21	264	14
Services of other agencies.....	2	29	29
26 Supplies and materials.....	28	24	24
31 Equipment.....	11	22	22
44 Refunds.....	42	14	
Total obligations.....	2,852	3,012	2,748

Personnel Summary

Total number of permanent positions.....	236	161	161
Full-time equivalent of other positions.....		2	2
Average number of all employees.....	231	158	158
Number of employees at end of year.....	161	123	123
Average GS grade.....	7.3	7.5	7.5
Average GS salary.....	\$5,795	\$6,356	\$6,337
Average salary of ungraded positions.....	\$4,391	\$4,430	\$4,409

Proposed for later transmission:

SPECIAL MILK PROGRAM

Program and Financing (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
Special milk program (total costs—obliga- tions).....			95,000
Financing:			
New obligational authority (proposed supple- mental appropriation).....			95,000

Under proposed legislation, 1962.—The current authority for the special milk program expires June 30, 1961. The program has been financed with funds advanced from the Commodity Credit Corporation. Pending results of an evaluation of this program, \$95 million is recommended to provide for a program in 1962 through a regular annual appropriation. The primary objective for this program is to increase the consumption of fluid milk. Funds will be used to provide assistance in the form of reimbursement

payments to eligible schools and child care institutions and for the necessary Federal administrative costs.

FOREIGN AGRICULTURAL SERVICE

Current authorizations:

SALARIES AND EXPENSES

For necessary expenses for the Foreign Agricultural Service, including carrying out title VI of the Agricultural Act of 1954 (7 U.S.C. 1761-1768), *market development activities abroad*, and for enabling the Secretary to coordinate and integrate activities of the Department in connection with foreign agricultural work, including not to exceed \$25,000 for representation allowances and for expenses pursuant to section 8 of the Act approved August 3, 1956 (7 U.S.C. 1766), **[\$4,487,000] \$13,686,000: Provided**, That not less than \$400,000 of the funds contained in this appropriation shall be available to obtain statistics and related facts on foreign production and full and complete information on methods used by other countries to move farm commodities in world trade on a competitive basis: *Provided further*, That, in addition, not to exceed **[\$2,539,000] \$3,117,000** of the funds appropriated by section 32 of the Act of August 24, 1935, as amended (7 U.S.C. 612c), shall be merged with this appropriation and shall be available for all expenses of the Foreign Agricultural Service **[in carrying out the purposes of said section 32]**.

[For an additional amount for "Salaries and Expenses", \$137,500; and in addition, \$100,000 of the funds appropriated by section 32 of the Act of August 24, 1935, as amended (7 U.S.C. 612c), shall be merged with this appropriation and shall be available for all expenses of the Foreign Agricultural Service in carrying out the purposes of said section 32.] (5 U.S.C. 511-512; Department of Agriculture and Farm Credit Administration Appropriation Act, 1961; Second Supplemental Appropriation Act, 1961.)

Note.—Estimate for 1962 includes \$8,893 thousand for activities previously carried under "Salaries and expenses (special foreign currency program)," Foreign Agricultural Service. The amounts obligated in 1960 and 1961 are shown in the schedules as comparative transfers.

Program and Financing (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
1. Analysis of foreign agriculture and trade.....	1,249	1,472	1,630
2. Agricultural attachés.....	2,643	3,384	3,463
3. Foreign market promotion.....	4,565	8,710	12,321
4. Import controls.....	241	264	264
Total program costs.....	8,698	13,830	17,678
5. Relation of costs to obligations:			
Costs financed from obligations of other years, net (—).....			—875
Obligations incurred for costs of other years, net.....	2,915	7,715	
Total obligations.....	11,613	21,545	16,803
Financing:			
Comparative transfers from other accounts.....	—5,622	—13,872	
Unobligated balance lapsing.....	20		
New obligational authority.....	6,011	7,673	16,803
New obligational authority:			
Appropriation.....	3,518	4,624	13,686
Transferred from "Removal of surplus agricultural commodities" (74 Stat. 238).....	2,493	2,639	3,117
Appropriation (adjusted):			
Current.....	3,518	4,624	13,686
Permanent.....	2,493	2,639	3,117
Proposed transfer for pay increases from "Removal of surplus agricultural commodities".....		178	
Proposed supplemental due to pay increases.....		232	

The Foreign Agricultural Service administers programs and policies relating to foreign agriculture. It provides information and assistance as guides in the planning of production and marketing of U.S. agricultural commodities and helps smooth the channels through which exports move.

1. *Analysis of foreign agriculture and trade.*—Analyses are made of world trends in foreign agricultural production, trade, price, finance, marketing, consumption, competition, commercial, and trade policies, and economic policies of foreign governments, as such trends affect U.S. foreign agricultural trade and the domestic economy. The Service directs and coordinates Department participation in the formulation of trade programs and agreements to stabilize and expand world trade in American agricultural products, and to reduce restrictive tariff and trade practices against import of American agricultural commodities. Recommendations for the departmental positions on trade agreements and international commodity agreements are formulated. Continuous review is made of the trade regulations and financial conditions of signatories to the General Agreement on Tariffs and Trade as these factors relate to American farm products. Policies, programs, positions, and standards of participation in public and private international organizations are developed.

2. *Agricultural attachés.*—A worldwide agricultural attaché program is conducted by the Department. Assistance is provided in development of markets abroad for U.S. agricultural commodities. A comprehensive schedule of foreign agricultural market and trade reporting is maintained to meet the needs of the American agricultural industry.

3. *Foreign market promotion.*—Maintenance and expansion of foreign markets for surplus agricultural products are promoted by (a) obtaining and analyzing information on foreign-market requirements and making such information available to farm and trade groups; (b) developing market programs for use by producers, exporters, and Government officials to maintain and expand the market abroad of U.S. farm products; (c) assisting domestic trade representatives in negotiations with foreign government officials, importers, and consumers, and bringing together American exporters and foreign importers under conditions favorable to trade; (d) developing agreements with foreign countries for sales of U.S. agricultural commodities under title I of Public Law 480, and followup on the shipments of those commodities; and (e) directing and financing the operation of market development projects for agricultural products. In 1962, funds provided under foreign market promotion include the dollars required in countries where the only foreign currencies available to the United States are needed, and may be used, to meet the normal requirements of other agencies. Funds for programs in countries where the United States has "excess" currencies or currencies which are "restricted" in their use are included in the appropriation Salaries and expenses (special foreign currency program).

4. *Import controls.*—Importation of articles which interfere with programs carried out by the Department of Agriculture is investigated and the information is developed in accordance with section 22 of the Agricultural Adjustment Act, as amended. During the fiscal year ending June 30, 1960, investigations were conducted in 10 commodities and 4 recommendations were submitted to the President or the Tariff Commission. Under import

FOREIGN AGRICULTURAL SERVICE—Continued

Current authorizations—Continued

SALARIES AND EXPENSES—Continued

controls for dairy products, a total of 1,899 regular licenses for imports of cheese were issued and 175 regular licenses for manufactured dairy products other than cheese.

5. *Relation of costs to obligations.*—The relationship is derived from year-end balances of selected resources and applicable adjustment as reflected in the following table (in thousands of dollars):

	1959 actual	1960 actual	1961 estimate	1962 estimate
Selected resources at end of year:				
Unpaid undelivered orders (appropriation balances obligated for goods and services on order not yet received).....	2,502	4,369	12,080	11,270
Advances (payment for goods and services on order not yet received).....	301	1,261	1,265	1,200
Total selected resources at end of year.....	2,803	5,630	13,345	12,470
Selected resources at start of year (—).....		—2,803	—5,630	—13,345
Adjustment of selected resources reported at start of year.....		88		
Costs financed from obligations of other years, net (—).....				—875
Obligations incurred for costs of other years, net....		2,915	7,715	

Object Classification (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
11 Personnel compensation:			
Permanent positions.....	4,816	5,354	5,518
Positions other than permanent.....	32	34	34
Other personnel compensation.....	69	66	46
Total personnel compensation.....	4,917	5,454	5,598
12 Personnel benefits.....	499	626	638
21 Travel and transportation of persons.....	508	905	741
22 Transportation of things.....	133	210	204
23 Rent, communications, and utilities.....	147	187	193
24 Printing and reproduction.....	125	159	166
25 Other services.....	4,355	12,554	8,226
Services of other agencies.....	416	896	822
26 Supplies and materials.....	39	53	49
31 Equipment.....	41	76	81
Total, Foreign Agricultural Service.....	11,180	21,120	16,718
ALLOCATION TO DEPARTMENT OF COMMERCE			
21 Travel and transportation of persons.....	3	5	4
22 Transportation of things.....	10	9	2
23 Rent, communications, and utilities.....	83	65	18
25 Other services.....	323	336	57
26 Supplies and materials.....	8	6	3
31 Equipment.....	6	4	1
Total, Department of Commerce.....	433	425	85
Total obligations.....	11,613	21,545	16,803

Personnel Summary

Total number of permanent positions.....	732	746	763
Full-time equivalent of other positions.....	9	9	9
Average number of all employees.....	703	724	741
Number of employees at end of year.....	712	736	753
Average GS grade.....	9.3	9.3	9.3
Average GS salary.....	\$7,695	\$8,245	\$8,239
Average salary of ungraded positions.....	\$2,708	\$2,863	\$2,930

SALARIES AND EXPENSES (SPECIAL FOREIGN CURRENCY PROGRAM)

For purchase of foreign currencies which accrue under title I of the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1704), for the purposes of market development activities under section 104(a) of that Act, [\$13,621,000, and for the purposes of section 104(m) of that Act, relating to agricultural and horticultural fair participation and related activities, \$1,000,000] \$3,444,000, to remain available until expended: *Provided*, That [the dollar value of the unexpended balances, as of June 30, 1960, of allocations of foreign currencies heretofore made available to the Foreign Agricultural Service for the foregoing purposes of such sections 104 (a) and (m) is appropriated as of that date and shall be merged with this appropriation: *Provided further*, That funds appropriated herein shall be used to purchase such foreign currencies as the Department determines are needed and can be used most effectively to carry out the purposes of this paragraph, and such foreign currencies shall, pursuant to the provisions of section 104(a), be set aside for sale to the Department before foreign currencies which accrue under said title I are made available for other United States uses] *this appropriation shall not be used for the purchase of currencies available in the Treasury for the purposes of section 104(f) of such Act unless such currencies are excess to the normal requirements of the United States.* (Department of Agriculture and Farm Credit Administration Appropriation Act, 1961.)

Note.—Estimate for 1962 excludes \$8,893 thousand for activities transferred in the estimates to Salaries and expenses, Foreign Agricultural Service. The amounts obligated in 1960 and 1961 are shown in the schedules as comparative transfers.

Program and Financing (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
1. Market development projects.....	1,204	1,409	2,314
2. Agricultural attachés.....	303		
3. Travel of U.S. agricultural specialists abroad.....	58		
Total program costs.....	1,565	1,409	2,314
4. Relation of costs to obligations: Obligations incurred for costs of other years, net.....	315	1,798	1,130
Total obligations.....	1,880	3,207	3,444
Financing:			
Comparative transfers to other accounts.....	6,843	14,923	
Unobligated balance brought forward.....	—6,905	—3,509	
Adjustment due to changes in exchange rates to permit conversion to dollar equivalents.....	527		
Unobligated balance carried forward.....	3,509		
Unobligated balance lapsing.....	224		
Authorization to expend foreign currency receipts (net of appropriation to cover balances as of June 30, 1960).....	5,475		
New obligational authority (appropriation).....	11,553	14,621	3,444

Note.—The gross foreign currency authorization in 1960 was \$6,078 thousand. The schedule above covers foreign currency authorizations for 1960. The appropriation for 1960 was equal to the unexpended balance of previous foreign currency authorizations as of June 30, 1960. All transactions in 1961 and 1962 relate to appropriations.

1. *Market development projects.*—Foreign currencies generated by the sale of surplus agricultural commodities under title I of the Agricultural Trade Development and Assistance Act of 1954, as amended, are used under the provisions of section 104(a) by the Foreign Agricultural Service to develop new foreign markets and expand existing markets for U.S. agricultural commodities, including cotton, dairy products, fats and oils, grain, feed, livestock and meat, poultry, fruits and vegetables, and tobacco. The type of market development projects being carried out include sales promotion campaigns, trade fairs and exhibits, nutrition demonstrations, and market analyses. In 1962 this appropriation will be limited to

dollar funds to purchase only those currencies determined to be excess to the normal requirements of the United States and those which by the terms of the sales agreements are limited to specific uses. Dollar funds for use in other countries are included in the appropriation "Salaries and expenses."

2. *Agricultural attachés.*—Foreign currencies were used in 1960 to pay certain costs of the agricultural attaché program. Foreign currencies are not being used for attaché program costs in 1961, nor are foreign currencies being requested for that purpose in 1962.

3. *Travel of U.S. agricultural specialists abroad.*—Foreign currencies were used in 1960, pursuant to section 104(f) of the Agricultural Trade Development and Assistance Act of 1954, as amended, to finance the travel of U.S. agricultural specialists to the U.S.S.R. under the cultural, technical, and educational exchange agreement between the two countries. Unexpended balances under section 104(f) were not covered by the 1960 appropriation.

Note.—Responsibility for participation in agricultural and horticultural exhibitions, for foreign policy reasons, has recently been transferred by Executive Order from the Department of Agriculture to the United States Information Agency.

4. *Relation of costs to obligations.*—The relationship is derived from year-end balances of selected resources as reflected in the following table (in thousands of dollars):

	1959 actual	1960 actual	1961 estimate	1962 estimate
Selected resources at end of year:				
Unpaid undelivered orders (appropriation balances obligated for goods and services on order not yet received).....	345	631	2,235	3,400
Advances (payment for goods and services on order not yet received).....	12	41	235	200
Total selected resources at end of year.....	357	672	2,470	3,600
Selected resources at start of year (—).....	—357	—672	—2,470	
Obligations incurred for costs of other years, net.....		315	1,798	1,130

Object Classification (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
FOREIGN AGRICULTURAL SERVICE			
11 Personnel compensation: Permanent positions.....	35	34	34
12 Personnel benefits.....	17	1	1
21 Travel and transportation of persons.....	107	81	72
22 Transportation of things.....	2	6	5
23 Rent, communications, and utilities.....	12	13	11
24 Printing and reproduction.....		3	2
25 Other services.....	1,053	2,997	3,222
Services of other agencies.....	365	44	43
26 Supplies and materials.....	5	3	3
31 Equipment.....		1	1
Total, Foreign Agricultural Service.....	1,596	3,183	3,394
ALLOCATION TO DEPARTMENT OF COMMERCE			
21 Travel and transportation of persons.....			2
22 Transportation of things.....	10	1	1
23 Rent, communications, and utilities.....	89	5	9
25 Other services.....	171	16	36
26 Supplies and materials.....	8	1	2
31 Equipment.....	6	1	
Total, Department of Commerce.....	284	24	50
Total obligations.....	1,880	3,207	3,444

Personnel Summary

Total number of permanent positions.....	19	18	18
Full-time equivalent of other positions.....	1	1	1

Personnel Summary—Continued

	1960 actual	1961 estimate	1962 estimate
Average number of all employees.....	18.0	17.0	17.0
Number of employees at end of year.....	18	18	18
Average salary of ungraded positions.....	\$1,831	\$1,889	\$1,924

Analysis of Foreign Currency Expenditures (in thousands of dollars)

Obligated balance brought forward.....	6,645	26	
Obligations incurred during year.....	8,723		
Adjustment due to changes in exchange rates to permit conversion to dollar equivalents.....	—82		
Obligated balances carried forward under sec. 104(f).....	—26		
Obligated balance transferred to appropriation.....	—8,044		
Expenditures.....	7,216	26	

Status of Unfunded Allocations (in thousands of dollars)

Unfunded balance brought forward.....	3,285		
Allocations.....	6,078		
Unfunded balance expiring or lapsing.....	—124		
Adjustment due to changes in exchange rates to permit conversion to dollar equivalents.....	—458		
Unfunded balance appropriated.....	—351		
Transfers into agency account.....	8,430		

ALLOTMENTS AND ALLOCATIONS RECEIVED FROM OTHER ACCOUNTS

Note.—Obligations incurred under allotments and allocations from other accounts are included in the schedules of the parent appropriations as follows:
 "Mutual security—economic," funds appropriated to the President.
 "President's special international program," funds appropriated to the President.

Intragovernmental funds:

ADVANCES AND REIMBURSEMENTS

Program and Financing (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
1. Commodity Credit Corporation representatives for sales, barter, and stockpiling.....	51	52	52
2. Sale of personal property.....	9		
3. Miscellaneous service to other accounts.....	156	172	175
Total program costs.....	216	224	227
4. Relation of costs to obligations: Obligations incurred for costs of other years, net.....	4		
Total obligations.....	220	224	227
Financing:			
Advances and reimbursements from—			
Other accounts.....	211	224	227
Non-Federal sources (40 U.S.C. 481(c)).....	9		
Total financing.....	220	224	227

Note.—Year-end balances of unpaid undelivered orders are as follows: 1959, \$4 thousand; 1959 (adjusted), —\$4 thousand.

Object Classification (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
11 Personnel compensation:			
Permanent positions.....	161	178	182
Positions other than permanent.....	1		
Other personnel compensation.....	2	1	
Total personnel compensation.....	164	179	182

FOREIGN AGRICULTURAL SERVICE—Continued**Intragovernmental funds—Continued****ADVANCES AND REIMBURSEMENTS—Continued****Object Classification (in thousands of dollars)—Continued**

	1960 actual	1961 estimate	1962 estimate
12 Personnel benefits.....	14	17	17
21 Travel and transportation of persons.....	11	4	4
23 Rent, communications, and utilities.....	2	2	2
24 Printing and reproduction.....	2	2	2
25 Other services.....	4	4	4
Services of other agencies.....	13	15	15
26 Supplies and materials.....	1	1	1
31 Equipment.....	9		
Total obligations.....	220	224	227

Personnel Summary

Total number of permanent positions.....	22	22	22
Average number of all employees.....	24	24	24
Number of employees at end of year.....	24	24	24
Average GS grade.....	9.6	9.8	9.8
Average GS salary.....	\$7,562	\$8,303	\$8,443
Average salary of ungraded positions.....	\$2,436	\$2,815	\$2,815

COMMODITY EXCHANGE AUTHORITY**Current authorizations:****SALARIES AND EXPENSES**

For necessary expenses to carry into effect the provisions of the Commodity Exchange Act, as amended (7 U.S.C. 1-17a), [\$940,000] \$1,007,000. (Department of Agriculture and Farm Credit Administration Appropriation Act, 1961.)

Program and Financing (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
1. Licensing and auditing of brokerage houses.....	246	269	269
2. Supervision of futures trading.....	460	503	520
3. Investigations.....	180	218	218
Total program costs ¹	886	990	1,007
4. Relation of costs to obligations: Obligations incurred for costs of other years, net.....	2		
Total obligations.....	888	990	1,007
Financing:			
Unobligated balance lapsing.....	21		
New obligational authority.....	910	990	1,007
New obligational authority:			
Appropriation.....	910	940	1,007
Proposed supplemental due to pay increases.....		50	

¹ Includes capital outlay as follows: 1960, \$4 thousand; 1961, \$3 thousand; 1962, \$3 thousand.

The major objectives of the Commodity Exchange Authority are to maintain fair and competitive pricing in the commodity futures markets by preventing manipulation and other abusive trading practices. Enforcement of the Commodity Exchange Act requires supervision over fu-

tures trading in 19 commodities on 16 exchanges currently designated as contract markets. Transactions on contract markets were estimated at 7.4 million in 1960, and the value of trading approximately \$26.4 billion, compared to an estimated 7.1 million transactions with a value of approximately \$27 billion in 1959.

1. *Licensing and auditing of brokerage houses.*—This consists of (a) prevention of the misuse of customers' funds by the analysis of financial statements of futures commission merchants and the periodic audits of their books and records; and (b) annual registration of futures commission merchants and floor brokers. The 1960 audits revealed that customers had to their credit \$80 million required to be segregated from the funds of the carrying brokers.

AUDITS AND REGISTRATIONS

	1960 actual	1961 estimate	1962 estimate
Audit of customers' segregated funds.....	563	575	580
Accounts examined.....	33,531	34,000	34,200
Financial statements examined.....	483	500	500
Futures commission merchants registered.....	483	490	500
Floor brokers registered.....	739	750	775

2. *Supervision of futures trading.*—This embraces (a) examination and analysis of reports and other market data, the making of market position surveys, and publication of summary data; (b) establishment, review, and enforcement of speculative limits; and (c) cooperative activities with control committees of contract markets. In 1960, position surveys covered 9,278 traders.

REPORTS TABULATED AND ANALYZED

	1960 actual	1961 estimate	1962 estimate
Daily trading volume and open contracts.....	224,079	225,000	225,000
Daily and weekly reports on large traders.....	296,775	300,000	300,000
Delivery notices.....	45,122	50,000	50,000

3. *Investigations.*—Apparent or alleged violations of the law and regulations are investigated, and trade practice surveys are made to discover violations. The Authority also prepares and presents evidence of violations in administrative hearings and judicial proceedings. Exchange rules and regulations are reviewed to insure that legal requirements are met.

INVESTIGATIONS, TRANSACTIONS, AND PROCEEDINGS

	1960 actual	1961 estimate	1962 estimate
Compliance investigations completed.....	31	35	35
Trade practice investigations completed.....	2	4	4
Number of transactions examined.....	5,000	50,000	50,000
Criminal prosecutions instituted.....	0	1	1
Administrative proceedings instituted.....	4	5	5

4. *Relation of costs to obligations.*—Year-end balances of unpaid undelivered orders are as follows: 1959, \$2 thousand; 1960, \$4 thousand; 1961, \$4 thousand; 1962, \$4 thousand.

Object Classification (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
11 Personnel compensation:			
Permanent positions.....	755	847	866
Positions other than permanent.....	3		
Other personnel compensation.....	6	4	1
Total personnel compensation.....	764	851	867
12 Personnel benefits.....	52	65	66
21 Travel and transportation of persons.....	12	11	11
22 Transportation of things.....	1	1	1
23 Rent, communications, and utilities.....	31	32	32
24 Printing and reproduction.....	11	11	11
25 Other services.....	4	7	7
Services of other agencies.....	2	2	2

Object Classification (in thousands of dollars)—Continued

	1960 actual	1961 estimate	1962 estimate
26 Supplies and materials.....	5	6	6
31 Equipment.....	6	4	4
Total obligations.....	888	990	1,007

Personnel Summary

Total number of permanent positions.....	127	134	134
Full-time equivalent of other positions.....	1		
Average number of all employees.....	118	124	126
Number of employees at end of year.....	119	122	124
Average GS grade.....	7.2	7.2	7.2
Average GS salary.....	\$6,207	\$6,633	\$6,727

COMMODITY STABILIZATION SERVICE

Current authorizations:

ACREAGE ALLOTMENTS AND MARKETING QUOTAS

For necessary expenses to formulate and carry out acreage allotment and marketing quota programs pursuant to provisions of title III of the Agricultural Adjustment Act of 1938, as amended (7 U.S.C. 1301-1393), **[\$40,135,000]** \$44,833,000, of which not more than **[\$6,934,400]** \$7,359,000 shall be transferred to the appropriation account "Administrative expenses, section 392, Agricultural Adjustment Act of 1938". (74 Stat. 4, 15, 39, 41-42, 258, 295; Department of Agriculture and Farm Credit Administration Appropriation Act, 1961.)

Program and Financing (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
1. Acreage allotments and marketing quotas (total program costs).....	40,492	43,598	44,833
2. Relation of costs to obligations: Obligations incurred for costs of other years, net.....	12		
Total obligations.....	40,503	43,598	44,833
Financing:			
Unobligated balance lapsing.....	32		
New obligational authority.....	40,535	43,598	44,833
New obligational authority:			
Appropriation.....	40,535	40,135	44,833
Proposed supplemental due to pay increases.....		3,463	

Acreage allotment and marketing quota programs are designed to keep the production and marketing of cotton, wheat, rice, tobacco, and peanuts in line with demand in order to give each farmer a fair share of the available market and the total production required.

Acreage allotments, when necessary, are established at National, State, and county levels (only at State level in the case of tobacco). In general, the acreage allotted to any county is apportioned by farmer-elected county committeemen. National marketing quotas must be proclaimed whenever the total supply for the designated basic commodities, except corn, reaches a level specified in the Agricultural Adjustment Act of 1938, as amended. However, quotas do not become effective unless approved by two-thirds of those voting in a farmer referendum.

Acreage allotments and marketing quotas have been proclaimed for the 1961 crops of wheat, cotton, peanuts, Flue-cured tobacco, and rice. Acreage allotments and marketing quotas will be proclaimed on the 1961 crops of the other kinds of quota tobaccos, not later than February 1, 1961. It is assumed that marketing quotas will also be in effect on the 1962 crops of these basic commodities. In order to maintain a carryover of upland cotton on August 1, 1962, at about the same level as for August 1, 1961, a national acreage allotment of 18,458,424 acres was proclaimed for the 1961 crop of upland cotton.

Under existing legislation, the Choice A and B plans, which were available to cotton producers in 1959 and 1960, are not applicable to the 1961 cotton crop.

Workload factors in the fiscal years 1961 and 1962 will consist primarily of the following:

	Tobacco	Peanuts	Wheat	Cotton	Rice
Estimated number of allotment farms.....	580,258	118,053	1,840,929	960,282	16,689
Appeals.....	15,000	1,200	45,400	19,500	450
Performance checking (percent of crop farms measured):					
Fiscal year 1961:					
1960 crop.....	51.3	19.1	2.9	26.8	27.4
1961 crop.....	48.7	80.9	97.1	68.3	72.6
Fiscal year 1962:					
1961 crop.....	51.3	19.1	2.9	31.7	27.4
1962 crop.....	48.7	80.9	97.1	75.0	72.6
Referendums:					
Fiscal year 1961.....	115	(1)	2,671	1,092	157
Fiscal year 1962.....	694	(1)	2,671	1,092	157

¹ Quotas have been approved through the 1962 marketing year.

2. *Relation of costs to obligations.*—Year-end balances of unpaid undelivered orders are as follows: 1959, \$31 thousand; 1959 (adjusted), \$2 thousand; 1960, \$14 thousand; 1961, \$14 thousand; 1962, \$14 thousand.

Object Classification (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
24 Printing and reproduction.....	171	247	247
25 Other services: Advanced to—			
"Administrative expenses, sec. 392, Agricultural Adjustment Act of 1938" (7 U.S.C. 1392).....	6,651	7,351	7,359
"Local administration, sec. 388, Agricultural Adjustment Act of 1938" (7 U.S.C. 1388).....	33,681	36,000	37,227
Total obligations.....	40,503	43,598	44,833

SUGAR ACT PROGRAM

For necessary expenses to carry into effect the provisions of the Sugar Act of 1948 (7 U.S.C. 1101-1161), **[\$74,500,000]** \$81,314,000, to remain available until June 30 of the next succeeding fiscal year: *Provided*, That expenditures (including transfers) from this appropriation for other than payments to sugar producers shall not exceed **[\$2,307,000]** \$2,362,000. (74 Stat. 330-331; Department of Agriculture and Farm Credit Administration Appropriation Act, 1961; authorizing legislation to be proposed for 1962.)

Program and Financing (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
1. Payments to sugar producers:			
(a) Continental beet area.....	39,126	40,243	44,348
(b) Continental cane area.....	7,893	8,857	9,914
(c) Offshore cane area.....	22,182	22,920	24,690

COMMODITY STABILIZATION SERVICE—Con.

Current authorizations—Continued

SUGAR ACT PROGRAM—Continued

Program and Financing (in thousands of dollars)—Continued

	1960 actual	1961 estimate	1962 estimate
Program by activities—Continued			
2. Operating expenses.....	2,297	2,480	2,362
Total program costs.....	71,498	74,500	81,314
3. Relation of costs to obligations: Obligations incurred for costs of other years, net.....	2		
Total obligations.....	71,500	74,500	81,314
Financing:			
New obligational authority (appropriation)....	71,500	74,500	81,314

Total United States requirements and quotas are determined to provide consumers with adequate supplies of sugar at reasonable prices, to protect the domestic sugar industry, and to promote the export trade of the United States. The quota for each domestic area is allotted to individual sellers when necessary to achieve orderly marketing, and restrictive farm acreage allotments are established for producers when necessary to avoid surpluses.

Continuation of the sugar program is contingent upon enactment of legislation prior to the expiration of the present act on March 31, 1961. A recommendation will be submitted shortly to the Congress. Assuming that the effect of the basic quota and deficit reallocations will be offsetting in the enactment of legislation extending the program, this estimate will not be materially affected. However, in the event the new legislation varies materially from the present act with respect to the bases for payments to producers, consideration will necessarily be given to a supplemental estimate for 1962.

1. *Payments to sugar producers.*—Payments are made (a) to domestic producers of cane and beets who meet specified conditions of employment, production and price; and (b) for abandonment of planted acreage and crop deficiencies on harvested acreage due to natural calamities.

The increase of \$6.8 million as proposed for 1962 is due primarily to increased conditional payments to sugar producers.

Estimated production by areas is shown in the following table:

SHORT TONS, RAW VALUE

[In thousands]

Area	1959 crop year	1960 crop year	1961 crop year
Continental beet area.....	2,304	2,450	2,700
Continental cane area.....	615	670	750
Hawaii.....	975	940	1,200
Puerto Rico.....	1,019	1,200	1,250
Virgin Islands.....	13	7	12
Total.....	4,926	5,267	5,912

2. *Operating expenses.*—This consists of the expenses of (a) the agricultural stabilization and conservation State and county offices in establishing farm production controls, determining compliance, and making payments to producers; and (b) the Service's departmental work in determining sugar consumption requirements, establishing quotas and allotments, making fair wage and price

determinations, establishing area production controls, and formulating overall policies and procedures.

3. *Relation of costs to obligations.*—Year-end balances of unpaid undelivered orders are as follows: 1959, \$2 thousand; 1959 (adjusted), —\$2 thousand.

Object Classification (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
25 Other services: Advanced to—			
"Administrative expenses, sec. 392, Agricultural Adjustment Act of 1938" (7 U.S.C. 1392).....	1,472	1,589	1,591
"Local administration, sec. 388, Agricultural Adjustment Act of 1938" (7 U.S.C. 1388).....	825	891	771
41 Grants, subsidies, and contributions.....	69,203	72,020	78,952
Total obligations.....	71,500	74,500	81,314

CONSERVATION RESERVE PROGRAM

For necessary expenses to carry out a conservation reserve program as authorized by subtitles B and C of the Soil Bank Act (7 U.S.C. 1831–1837 [and 1802], 1802–1814, and 1816), and to carry out liquidation activities for the acreage reserve program, to remain available until expended, \$330,000,000, with which may be merged the unexpended balances of funds heretofore appropriated for soil bank programs: *Provided*, That not to exceed [\$12,000,000] \$12,884,000 shall be available for administrative expenses, of which not less than [\$10,000,000] \$10,931,000 may be transferred to the appropriation account "Local administration, section 388, Agricultural Adjustment Act of 1938": *Provided further*, That no part of these funds shall be paid on any contract which is illegal under the law due to the division of lands for the purpose of evading limits on annual payments to participants. (74 Stat. 42, 411, 1030–1031; Department of Agriculture and Farm Credit Administration Appropriation Act, 1961.)

Program and Financing (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
1. Conservation reserve program (total program costs ¹).....	335,001	322,786	359,137
2. Relation of costs to obligations: Costs financed from obligations of other years, net (—).....	—456	—98	
Total obligations.....	334,545	322,688	359,137
Financing:			
Unobligated balance brought forward.....			—29,137
Unobligated balance carried forward.....		29,137	
Unobligated balance lapsing.....	455		
New obligational authority.....	335,000	351,825	330,000
New obligational authority:			
Appropriation.....	335,000	330,000	330,000
Reappropriation.....		21,825	

¹ Includes capital outlay costs as follows: 1960, \$918 thousand; 1961, \$450 thousand; 1962, \$78 thousand.

The objective of this program is to help adjust total crop acreage more nearly in line with demand by withdrawing cropland from production and to establish and maintain sound conservation practices on the land withdrawn. Under authority which has now expired, the Secretary, through calendar year 1960, entered into 3- to 15-year contracts with producers. In return for removing designated cropland from production and for estab-

lishing necessary conservation practices, the producer receives an annual rental payment each year of the contract period, and cost-sharing assistance for the establishment of the required practices. Total annual rental payments to a producer are limited to \$5 thousand.

Participation in the program is summarized below:

Number of agreements 1956-60 programs.....	306,182
Number of acres.....	28,659,973
Payments made in calendar year 1959, estimated.....	\$321,522,121
Estimated payments to be made in calendar year 1960.....	\$375,400,000

Legislation is proposed which would extend authority to enter into new contracts for the 3-year period 1962-64 and increase total acreage to 60 million acres. A 1962 supplemental appropriation of \$19,381 thousand would be required for this purpose. See Proposed for later transmission.

2. *Relation of costs to obligations.*—The relationship is derived from year-end balances of selected resources and applicable adjustment as reflected in the following table (in thousands of dollars):

	1959 actual	1960 actual	1961 estimate	1962 estimate
Selected resources at end of year:				
Inventories and items on order: Unpaid undelivered orders (appropriation balances obligated for goods and services on order not yet received).....	348	115	70	70
Advances (payments for goods and services on order not yet received).....	819	113	60	60
Total selected resources at end of year.....	1,167	228	130	130
Selected resources at start of year (—).....	—1,167	—228	—130	—130
Adjustment of prior year costs and selected resources reported at start of year.....		483		
Costs financed from obligations of other years, net (—).....		—456	—98	

Object Classification (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
COMMODITY STABILIZATION SERVICE			
22 Transportation of things.....	1		
24 Printing and reproduction.....	83	75	40
25 Other services: Advanced to—			
"Administrative expenses, sec. 392, Agricultural Adjustment Act of 1938" (7 U.S.C. 1392).....	2,447	1,742	1,734
"Local administration, sec. 388, Agricultural Adjustment Act of 1938" (7 U.S.C. 1388).....	15,025	10,861	10,931
41 Grants, subsidies, and contributions.....	315,329	309,294	346,163
Total, Commodity Stabilization Service.....	332,885	321,972	358,868
ALLOTMENT ACCOUNTS			
11 Personnel compensation:			
Permanent positions.....	425	186	159
Positions other than permanent.....	19	4	
Other personnel compensation.....	2	1	
Total personnel compensation.....	446	191	159
12 Personnel benefits.....	31	11	10
21 Travel and transportation of persons.....	25	15	10
23 Rent, communications, and utilities.....	4	2	2
24 Printing and reproduction.....	4	1	1
25 Other services.....	22	3	
Services of other agencies.....	113		
26 Supplies and materials.....	12	2	2
31 Equipment.....	1		
41 Grants, subsidies, and contributions.....	1,002	491	85
Total, allotment accounts.....	1,660	716	269
Total obligations.....	334,545	322,688	359,137

Object Classification (in thousands of dollars)—Continued

	1960 actual	1961 estimate	1962 estimate
Obligations are distributed as follows:			
Commodity Stabilization Service.....	332,885	321,972	358,868
Agricultural Conservation Program Service.....	14		
Forest Service.....	1,329	601	149
Soil Conservation Service.....	198	25	
Office of the General Counsel.....	110	90	120
Office of Information.....	9		

Personnel Summary

ALLOTMENT ACCOUNTS			
Total number of permanent positions.....	47	27	27
Full-time equivalent of other positions.....	6	2	
Average number of all employees.....	66	28	22
Number of employees at end of year.....	36	29	25
Average GS grade.....	7.7	7.6	7.9
Average GS salary.....	\$6,389	\$6,790	\$7,148

SOIL BANK PROGRAM

Program and Financing (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Financing:			
Authorization to expend from public debt receipts:			
Unobligated balance brought forward.....	—42	—1	
Recovery of prior year obligations.....	—1		
Unobligated balance carried forward.....	1		
Unobligated balance lapsing.....	42	1	
New obligational authority.....			

ALLOCATIONS AND ALLOTMENTS RECEIVED FROM OTHER ACCOUNTS

Note.—Obligations incurred under allocations and allotments from other accounts are included in the schedules of the parent appropriations as follows:

"Agricultural conservation program," Agricultural Conservation Program Service.

"School lunch program," Agricultural Marketing Service.

"Great Plains conservation program," Soil Conservation Service.

"Removal of surplus agricultural commodities," Agricultural Marketing Service.

"Disaster loans, etc., revolving fund," Farmers Home Administration.

"Revolving fund, Defense Production Act," funds appropriated to the President.

"Mutual Security—economic," funds appropriated to the President.

"Civil defense and defense mobilization functions of Federal agencies," Office of Civil and Defense Mobilization.

Intragovernmental funds:

ADMINISTRATIVE EXPENSES, SEC. 392, AGRICULTURAL ADJUSTMENT ACT OF 1938

Program and Financing (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
1. National and State operating expense (total program costs ¹).....	21,301	23,640	23,656
2. Relation of costs to obligations: Obligations incurred for costs of other years, net.....	229		
Total obligations.....	21,530	23,640	23,656
Financing:			
Advances and reimbursements from—			
"Agricultural conservation program," Agricultural Conservation Program Service.....	4,781	5,175	5,181
"Acreage allotments and marketing quotas".....	6,651	7,351	7,359

¹ Includes capital outlay as follows: 1960, \$212 thousand; 1961, \$190 thousand; 1962, \$190 thousand.

COMMODITY STABILIZATION SERVICE—Con.

Intragovernmental funds—Continued

ADMINISTRATIVE EXPENSES, SEC. 392, AGRICULTURAL ADJUSTMENT ACT OF 1938—Continued

Program and Financing (in thousands of dollars)—Continued

	1960 actual	1961 estimate	1962 estimate
Financing—Continued			
Advances and reimbursements from—Con.			
“Sugar Act program”.....	1,472	1,589	1,591
“Conservation reserve”.....	2,447	1,742	1,734
“Great Plains conservation program,” Soil Conservation Service.....	21	11	11
“Disaster loans, etc., revolving fund,” Farmers Home Administration.....	6	6	6
“Removal of surplus agricultural commodities,” Agricultural Marketing Service.....	9	38	38
Other accounts.....	6,878	7,728	7,736
Unobligated balance lapsing.....	-734		
Total financing.....	21,530	23,640	23,656

Under the Agricultural Adjustment Act of 1938, amounts estimated to be required for administrative expenses of the National and State offices are advanced to this account from several appropriations related to agricultural stabilization and conservation activities.

2. *Relation of costs to obligations.*—The relationship is derived from year-end balances of selected resources and applicable adjustment as reflected in the following table (in thousands of dollars):

	1959 actual	1960 actual	1961 estimate	1962 estimate
Selected resources at end of year: Inventories and items on order:				
Stores (goods unconsumed by projects)....	9	7	7	7
Unpaid undelivered orders (appropriation balances obligated for goods and services not yet received).....	87	72	72	72
Total selected resources at end of year..	96	79	79	79
Selected resources at start of year (—).....	—96	—96	—79	—79
Adjustment of prior year costs and selected resources reported at start of year.....		246	—	—
Obligations incurred for costs of other years, net..	229	—	—	—

Object Classification (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
11 Personnel compensation:			
Permanent positions.....	15,105	16,939	17,033
Positions other than permanent.....	691	783	783
Other personnel compensation.....	187	128	58
Total personnel compensation.....	15,983	17,850	17,874
12 Personnel benefits.....	1,087	1,409	1,411
21 Travel and transportation of persons.....	2,842	2,812	2,802
22 Transportation of things.....	53	52	52
23 Rent, communications, and utilities.....	924	991	991
24 Printing and reproduction.....	72	75	75
25 Other services.....	81	122	122
Services of other agencies.....	40	40	40
26 Supplies and materials.....	229	207	207
31 Equipment.....	219	82	82
Total obligations.....	21,530	23,640	23,656

Personnel Summary

	1960 actual	1961 estimate	1962 estimate
Total number of permanent positions.....	2,546	2,562	2,562
Full-time equivalent of other positions.....	102	111	111
Average number of all employees.....	2,574	2,636	2,636
Number of employees at end of year.....	2,780	2,780	2,780
Average GS grade.....	6.3	6.4	6.5
Average GS salary.....	\$5,470	\$5,994	\$6,052

LOCAL ADMINISTRATION, SEC. 388, AGRICULTURAL ADJUSTMENT ACT OF 1938

Program and Financing (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
1. Local operating expense.....	118,125	129,377	130,720
2. Prior year advances returned.....	1,829		
Total program costs ¹.....	119,954	129,377	130,720
3. Relation of costs to obligations: Costs financed from obligations of other years, net (—).....	—215		
Total obligations.....	119,739	129,377	130,720
Financing:			
Unobligated balance brought forward.....	1,714		
Advances and reimbursements from—			
“Agricultural conservation program,” Agricultural Conservation Program Service.....	21,363	23,244	23,390
“Acreage allotments and marketing quotas”.....	33,631	36,000	37,227
“Sugar Act program”.....	825	891	771
“Commodity Credit Corporation fund” (storage and price-support programs).....	39,032	48,188	48,208
“Conservation reserve program”.....	15,025	10,861	10,931
“Great Plains conservation program,” Soil Conservation Service.....	84	44	44
“Disaster loans, etc., revolving fund,” Farmers Home Administration.....		6	6
“Removal of surplus agricultural commodities,” Agricultural Marketing Service.....	13	43	43
Other accounts.....	8,930	10,100	10,100
Recovery of prior year obligations.....	—271		
Unobligated balance lapsing.....	—658		
Total financing.....	119,739	129,377	130,720

¹ Includes capital outlay as follows: 1960, \$31 thousand; 1961, \$31 thousand; 1962, \$31 thousand.

Under the Agricultural Adjustment Act of 1938, amounts estimated to be required by the county agricultural stabilization and conservation committees for carrying out the programs assigned to them are advanced to this account from the several appropriations available. Payments to county committees for their estimated expenses are deposited in the bank accounts of the committees. Expenses paid from this account are as follows (in thousands of dollars):

	1960 actual	1961 estimate	1962 estimate
Salaries.....	86,572	92,835	94,092
Travel.....	5,644	5,720	5,759
All other expenses.....	20,267	26,592	26,639
Total advances to committees.....	112,483	125,147	126,490
Obligations incurred on behalf of ASC county committees for aerial photography and other materials and services.....	5,813	4,230	4,230
Obligations incurred from prior year funds, net.....	1,443		
Total obligations.....	119,739	129,377	130,720

3. *Relation of costs to obligations.*—The relationship is derived from year-end balances of selected resources and applicable adjustment as reflected in the following table (in thousands of dollars):

	1959 actual	1960 actual	1961 estimate	1962 estimate
Selected resources at end of year: Inventories and items on order:				
Stores (goods unconsumed by projects).....	73	60	60	60
Unpaid undelivered orders (appropriation balances obligated for goods and services on order not yet received).....	2,089	1,500	1,500	1,500
Total selected resources at end of year.....	2,162	1,560	1,560	1,560
Selected resources at start of year (—).....	—2,162	—1,560	—1,560	—1,560
Adjustment of prior year costs and selected resources reported at start of year.....		387		
Costs financed from obligations of other years, net (—).....		—215		

Object Classification (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
11 Personnel compensation:			
Permanent positions.....	895	1,013	1,013
Positions other than permanent.....	151	181	181
Other personnel compensation.....	44	27	20
Total personnel compensation.....	1,090	1,221	1,214
12 Personnel benefits.....	84	94	94
21 Travel and transportation of persons.....	102	133	133
22 Transportation of things.....	19	24	24
23 Rent, communications, and utilities.....	18	15	15
24 Printing and reproduction.....	64	68	68
25 Other services.....	282	287	287
26 Supplies and materials.....	1,043	1,055	1,055
31 Equipment.....	123	128	128
41 Grants, subsidies, and contributions.....	116,914	126,352	127,702
Total obligations.....	119,739	129,377	130,720

Personnel Summary

Total number of permanent positions.....	165	169	169
Full-time equivalent of other positions.....	45	55	55
Average number of all employees.....	238	250	250
Number of employees at end of year.....	235	246	246
Average GS grade.....	6.3	6.4	6.5
Average GS salary.....	\$5,470	\$5,994	\$6,052

ADVANCES AND REIMBURSEMENTS

Program and Financing (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
1. Advanced from Commodity Credit Corporation:			
(a) Supply and foreign purchase program.....	78	95	95
(b) International Wheat Agreement.....	144	215	215
(c) National Wool Act.....	159	260	260
(d) Sale of stockpile cotton.....	3	3	3
2. Miscellaneous services to other accounts.....	142	100	100
Total program costs.....	526	673	673

Program and Financing (in thousands of dollars)—Continued

	1960 actual	1961 estimate	1962 estimate
Program by activities—Continued			
3. Relation of costs to obligations: Obligations incurred for costs of other years, net.....	16		
Total obligations.....	542	673	673
Financing:			
Advances and reimbursements from other accounts.....	542	673	673

3. *Relation of costs to obligations.*—Year-end balances of unpaid undelivered orders are as follows: 1959, \$4 thousand; 1959 (adjusted), —\$3 thousand; 1960, \$13 thousand; 1961, \$13 thousand; 1962, \$13 thousand.

Object Classification (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
11 Personnel compensation:			
Permanent positions.....	333	454	454
Positions other than permanent.....	1	1	1
Other personnel compensation.....	3	2	1
Total personnel compensation.....	337	457	456
12 Personnel benefits.....	21	30	31
21 Travel and transportation of persons.....	12	22	22
22 Transportation of things.....	1	1	1
23 Rent, communications, and utilities.....	94	109	108
24 Printing and reproduction.....	34	36	37
25 Other services.....	5	7	7
Services of other agencies.....	3	4	4
26 Supplies and materials.....	34	5	5
31 Equipment.....	1	2	2
Total obligations.....	542	673	673

Personnel Summary

Total number of permanent positions.....	78	85	84
Average number of all employees.....	53	70	69
Number of employees at end of year.....	54	57	56
Average GS grade.....	6.3	6.4	6.5
Average GS salary.....	\$5,470	\$5,994	\$6,052

Proposed for later transmission:

CONSERVATION RESERVE PROGRAM

Program and Financing (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
Conservation reserve program (total costs—obligations).....			19,381
Financing:			
New obligatory authority (proposed supplemental appropriation).....			19,381

COMMODITY STABILIZATION SERVICE—Con.

Proposed for later transmission—Continued

CONSERVATION RESERVE PROGRAM—Continued

Under proposed legislation, 1962.—Legislation is being proposed to extend the Secretary's authority to enter into Conservation Reserve contracts for the 3-year period 1962 through 1964, and to increase total acreage in the reserve to 60 million acres by 1964, subject to appropriate changes in price support legislation, particularly for wheat. Under the 1962 program, total acreage would reach an estimated 39 million acres. A supplemental appropriation of \$19,381 thousand in 1962 would be required to provide for increased operating expenses and conservation practice payments under the extended program.

COMMODITY CREDIT CORPORATION

Current authorizations:

RESTORATION OF CAPITAL IMPAIRMENT

To partially restore the capital impairment of the Commodity Credit Corporation determined by the [appraisals] appraisal of [June 30, 1959, and] June 30, 1960, pursuant to section 1 of the Act of March 8, 1938, as amended (15 U.S.C. 713a-1), [\$1,226,500,000] \$1,017,610,000. (Department of Agriculture and Farm Credit Administration Appropriation Act, 1961.)

REIMBURSEMENT TO COMMODITY CREDIT CORPORATION FOR COSTS OF SPECIAL ACTIVITIES

To reimburse the Commodity Credit Corporation for authorized unrecovered costs through June 30, [1960] 1961 (including interest through date of recovery), as follows: (1) [\$32,572,000] \$88,790,000 under the International Wheat Agreement Act of 1949, as amended (7 U.S.C. 1641-1642); (2) [\$107,094,000] \$255,685,000 for commodities disposed of for emergency famine relief to friendly peoples pursuant to title II of the Act of July 10, 1954, as amended (7 U.S.C. 1703, 1721-1724); (3) [\$881,000,000] \$1,353,000,000 for the sale of surplus agricultural commodities for foreign currencies pursuant to title I of the Act of July 10, 1954, as amended (7 U.S.C. 1701-1709); (4) [\$18,000] \$13,000 for grain made available to the Secretary of the Interior to prevent crop damage by migratory waterfowl pursuant to the Act of July 3, 1956 (7 U.S.C. 442-446) 445; (5) [\$422,950,000] \$163,163,000 for strategic and other materials acquired by the Commodity Credit Corporation as a result of barter or exchange of agricultural commodities or products and transferred to the supplemental stockpile pursuant to Public Law 540, Eighty-fourth Congress (7 U.S.C. 1856); (6) \$1,264,000 for transfers to the appropriation "Marketing research and service" pursuant to the Act of August 31, 1951 (7 U.S.C. 414a), for grading tobacco and classing cotton without charge to producers, as authorized by law (7 U.S.C. 473a, 511d): Provided, That the unexpended balances of funds heretofore provided for the various purposes under this head may remain available until expended for the purposes for which appropriated and may be merged with the funds provided in this paragraph. (Department of Agriculture and Farm Credit Administration Appropriation Act, 1961.)

REIMBURSEMENT TO COMMODITY CREDIT CORPORATION FOR COSTS OF SPECIAL MILK PROGRAM

To reimburse the Commodity Credit Corporation for amounts advanced for the fiscal year beginning July 1, 1960, for the special milk program for children pursuant to the Act of July 1, 1958, as amended (72 Stat. 276; 74 Stat. 84-85), \$90,000,000.

Permanent authorizations:

REIMBURSEMENT TO COMMODITY CREDIT CORPORATION, NATIONAL WOOL ACT

Public enterprise funds:

Note.—Expenditures from the following fund for 1961 are subject to the first paragraph of title II of the Department of Agriculture and Farm Credit Administration Appropriation Act, 1961. For 1962 this paragraph is shown in the Department of Agriculture chapter, p. 392, preceding Federal Crop Insurance Corporation fund.

COMMODITY CREDIT CORPORATION FUND

Program and Financing (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
PRICE SUPPORT, SUPPLY, AND RELATED PROGRAMS AND SPECIAL MILK:			
1. Price-support program (Commodity Credit Corporation loan, purchase, and payment programs):			
(a) Direct loan commitments.....	234,869	275,000	304,700
(b) Guaranteed loan commitments.....	1,246,969	1,484,213	1,668,545
(c) Purchases of commodities and related obligations.....	2,789,862	2,663,750	1,234,987
(d) Other obligations.....	4,993	2,415	2,450
Total price support program.....	4,276,693	4,425,378	3,210,682
2. Commodity export program: ¹			
(a) Equalization payments.....	293,890	229,452	192,600
(b) Purchases of commodities and other costs.....	9,261	18,879	14,760
3. Storage facilities program:			
(a) Direct loan commitments.....	21,211	27,059	22,048
(b) Guaranteed loan commitments.....	1		
(c) Purchases of storage facilities equipment.....	654	500	500
(d) Other expense.....		2	72
4. Supply and foreign purchase program:			
(a) Purchases of commodities and other costs.....	407	481	481
(b) Other.....	73		
5. Special milk program (including administrative expense).....	82,210	90,000	
6. Undistributed expense:			
(a) Administrative expenses, subject to limitation (excluding special milk).....	39,431	43,791	41,274
(b) Interest:			
(1) Treasury.....	464,785	430,000	375,000
(2) Other.....	7,729	12,700	14,000
(c) Other expense.....	67,036	27,280	14,860
(d) Purchase of administrative equipment.....	349	400	400
Total price support, supply, and related programs and special milk.....	5,263,730	5,305,992	3,886,677
SPECIAL ACTIVITIES FINANCED BY COMMODITY CREDIT CORPORATION (see schedule):			
7. Operating costs:			
(a) Commodity transfers from price support program.....	649,842	862,003	670,510
(b) Other operating costs:			
(1) Interest on balance recoverable.....	36,282	46,545	35,072
(2) Other program and administrative costs.....	1,038,331	1,121,451	1,188,581
Total other operating costs.....	1,074,613	1,167,996	1,223,653
Total operating costs.....	1,724,455	2,029,999	1,894,163
8. Capital outlay: Loans made for agricultural conservation purposes.....	38,200	37,500	17,500
Total, special activities financed by Commodity Credit Corporation.....	1,762,655	2,067,499	1,911,663
Total obligations.....	7,026,385	7,373,491	5,798,340

¹ Includes costs represented by the value of commodity transfers from price support program.

Program and Financing (in thousands of dollars)—Continued

	1960 actual	1961 estimate	1962 estimate
Financing:			
Amounts becoming available:			
PRICE SUPPORT, SUPPLY, AND RE- LATED PROGRAMS AND SPE- CIAL MILK:			
New obligational authority (appropri- ations):			
Restoration of capital impairment.....	2,110,424	1,226,500	1,017,610
Reimbursement for costs of special milk program.....			90,000
Total new obligational authority.....	2,110,424	1,226,500	1,107,610
Revenue and receipts:			
1. Price-support program:			
(a) Repayment of loans: Direct: To Commodity Credit Corporation.....	703,131	647,688	731,887
(b) Loans transferred to ac- counts receivable.....	499	133	
(c) Sales of commodities ²	2,687,149	2,773,495	1,343,905
(d) Other revenue and receipts.....	10,942	770	655
(e) Recovery of prior year obli- gations.....	130,406	108,818	117,296
Total, price support pro- gram.....	3,532,127	3,530,904	2,193,743
2. Commodity export program: Reve- nue.....	2		
3. Storage facilities program:			
(a) Repayment of loans:			
(1) Direct: To Commodity Credit Corporation.....	11,134	9,755	15,900
(2) Guaranteed: To lend- ing agencies.....	437		
(b) Loans transferred to ac- counts receivable.....	253	211	105
(c) Other revenue.....	51		
4. Supply and foreign purchase pro- gram: Revenue.....	1,091	558	550
5. Special milk program: Revenue (recoveries).....	1,029		
6. Undistributed:			
(a) Interest.....	59,159	73,800	65,950
(b) Other.....	1,414	1,487	1,488
(c) Recovery of prior year obli- gations.....		12,107	5,474
Total, receipts and re- coveries from opera- tions.....	3,606,697	3,628,822	2,283,210
Total, price support, sup- ply, and related pro- grams and special milk.....	5,717,121	4,855,322	3,390,820
SPECIAL ACTIVITIES FINANCED BY COMMODITY CREDIT COR- PORATION (see schedule):			
New obligational authority:			
Appropriations:			
Reimbursement to Commodity Credit Corporation for costs of special activities.....	1,268,098	1,443,634	1,861,915
Reimbursement to Commodity Credit Corporation, National Wool Act (permanent indefinite authorization).....	50,050	67,190	59,000
Total appropriations.....	1,318,148	1,510,824	1,920,915
Reappropriation: Reimbursement to Commodity Credit Corporation for costs of special activities.....		25,412	

² Sales under the price-support program include the value of (a) commodity transfers to special activities financed by Commodity Credit Corporation, (b) commodity transfers to commodity export program for resale or for delivery against payment-in-kind certificates, (c) transfers of strategic and critical materials acquired under barter contracts to the supplemental stockpile and (d) sales to processors under contracts providing that the Corporation will repurchase the commodities in another form.

Program and Financing (in thousands of dollars)—Continued

	1960 actual	1961 estimate	1962 estimate
Financing—Continued			
Amounts becoming available—Continued			
SPECIAL ACTIVITIES FINANCED BY COMMODITY CREDIT COR- PORATION (see schedule)—Con.			
Unobligated balances lapsing: Reim- bursement to Commodity Credit Corporation for costs of special activ- ities.....	-25,422	-20	
Total obligational authority, net.....	1,292,726	1,536,216	1,920,915
Revenue and receipts:			
Recoverable from other than special appropriations to reimburse Com- modity Credit Corporation.....	249,969	228,200	186,150
Repayment of loans for agricultural conservation purposes.....	38,500	41,200	25,500
Total revenue and receipts.....	288,469	269,400	211,650
Total, special activities financed by Commodity Credit Corpo- ration.....	1,581,195	1,805,616	2,132,565
Total amounts becoming available.....	7,298,316	6,660,938	5,523,385
Unobligated balance brought forward (author- ization to expend from public debt receipts).....	1,228,203	1,500,134	787,581
Total amounts available.....	8,526,519	8,161,072	6,310,966
Unobligated balance carried forward (author- ization to expend from public debt receipts).....	-1,500,134	-787,581	-512,626
Financing applied to program.....	7,026,385	7,373,491	5,798,340

Under its corporate charter (15 U.S.C. 714-714p), and in accordance with specific statutes where applicable, the Commodity Credit Corporation engages in buying, selling, lending, and other activities with respect to agricultural commodities, their products, food, feeds, and fibers, for the purpose of stabilizing, supporting, and protecting farm income and prices; assisting in the maintenance of balanced and adequate supplies of such commodities; and facilitating their orderly distribution. The Corporation also makes available materials and facilities required in connection with the production and marketing of such commodities.

The Corporation has an authorized capital stock of \$100 million held by the United States and authority to borrow up to \$14.5 billion.

Programs.—The budget is based on the following types of programs: (1) price support, (2) commodity export, (3) storage facilities, (4) supply and foreign purchase, (5) special milk program, and (6) special activities.

Obligations and expenditures for these programs include primarily loans, purchases, purchase agreements, carrying charges, incentive and other payments, operating and interest expenses, and advances and current obligations incident to special activities as authorized by specific legislation.

Budget assumptions.—The Corporation's budget estimates for 1961 and 1962 are based on the general assumptions (a) that employment, production, and national income will rise moderately both in 1961 and 1962 from the present level; (b) that on the average, the general level of prices will be the same as the present level; (c) that developments in international relations will not be

COMMODITY CREDIT CORPORATION—Continued**Public enterprise funds—Continued****COMMODITY CREDIT CORPORATION FUND—Continued**

such as to affect Government civilian programs generally; (d) that exports of agricultural products generally will be slightly higher than the 1960 level; (e) that acreage allotments and marketing quotas will be in effect for the 1961 crops of peanuts, rice, wheat, cotton and certain kinds of tobacco; (f) that the cotton program for the 1961 crop will revert to the program in effect on crops prior to the 1959 crop which does not provide for the choice A purchase program; and (g) that yields will be in line with recent averages.

In considering these estimates, it should be recognized that it is difficult to estimate requirements for the year ending June 30, 1962. They are dependent upon weather conditions and all other factors affecting volume of production of crops not yet planted in this country and abroad, economic conditions generally, food needs in this country and abroad, availability of dollar exchange, and other complex and unpredictable factors.

PRICE SUPPORT, SUPPLY, AND RELATED PROGRAMS AND SPECIAL MILK

1. *Price-support program.*—Price-support operations are carried out under the Corporation's charter powers (15 U.S.C. 714) and in conformity with the Agricultural Act of 1949, as amended, (7 U.S.C. 1421), and section 125 of the Agricultural Act of 1956 (7 U.S.C. 1813). Under the Agricultural Act of 1949, as amended, price support is mandatory for the basic commodities—corn, cotton, wheat, rice, peanuts, and tobacco—and specific nonbasic commodities, namely, tung nuts, honey, milk, butterfat, and the products of milk and butterfat, barley, oats, rye, and grain sorghums. Price support for wool and mohair is mandatory under the National Wool Act of 1954, through the marketing year ending March 31, 1962. Price support for other nonbasic agricultural commodities is discretionary except that whenever the price of either cottonseed or soybeans is supported, the price of the other must be supported at such level as the Secretary determines will cause them to compete on equal terms on the market. This program may also include operations to remove and dispose of or aid in the removal or disposition of surplus agricultural commodities for the purpose of stabilizing prices at levels not in excess of permissible price-support levels. Legislation should be enacted to make the necessary changes in the price-support program to reduce the heavy demands of the program on the Federal Treasury.

Price support is made available through loans, purchase agreements, purchases, and other operations, and, in the case of wool and mohair, through incentive payments based on marketings. Producers' commodities serve as collateral for price-support loans. With limited exceptions, price-support loans are nonrecourse and the Corporation looks only to the pledged or mortgaged collateral for satisfaction of the loan. Purchase agreements generally are available during the same period that loans are available. By signing a purchase agreement, a producer receives an option to sell to the Corporation any quantity of the commodity he may elect within the maximum specified in the agreement. Direct purchases are made from producers and processors depending on the com-

modities involved. The incentive payment program on wool and mohair is described under Special activities.

In all its price-support operations, the Corporation utilizes normal trade facilities to the maximum extent practicable. In its lending activities the Corporation uses local banks, cooperatives, and other financial institutions. Commercial storage facilities are used to a great extent in the storage of loan collateral and of stocks acquired by the Corporation.

Disposition of commodities acquired by the Corporation in its price-support operations is made in compliance with sections 202, 407, and 416 of the Agricultural Act of 1949, as amended, and other applicable legislation, particularly the Agricultural Trade Development and Assistance Act of 1954, Public Law 83-480, as amended (7 U.S.C. 1691), title I of the Agricultural Act of 1954, as amended, title II of the Agricultural Act of 1956, as amended, the Agricultural Act of 1958, the act of August 19, 1958, in the case of cornmeal and wheat flour and the act of September 21, 1959 (7 U.S.C. 1427, note), with respect to sale of livestock feed in emergency areas. The provisions of section 202 of the Agricultural Act of 1949 with respect to furnishing dairy products to the armed services and veterans' facilities will expire on December 31, 1961.

To the extent that price-support commodities are disposed of through the commodity export program and special activities such as sales for foreign currencies, the furnishing of commodities for such purposes and similar operations, these disposals are, for accounting purposes, treated as price-support program disposals.

DATA ON PRICE-SUPPORT PROGRAM

[In thousands of dollars]

	1960 actual	1961 estimate	1962 estimate
Loans made.....	1,481,838	1,759,213	1,973,245
Loans repaid.....	703,131	647,688	731,887
Loan collateral forfeited.....	1,922,948	1,211,394	1,062,061
Loans outstanding June 30.....	1,302,310	1,200,668	1,378,966
Acquisitions.....	4,620,217	3,945,728	2,390,452
Cost of goods sold.....	3,353,142	3,461,989	1,945,220
Donations.....	244,415	277,654	242,808
Inventory as of June 30.....	7,222,927	7,429,011	7,631,435
Investment in price support as of June 30	8,525,237	8,629,679	9,010,401
Net expenditures.....	679,139	803,349	953,139
Realized losses.....	741,576	779,432	687,419

2. *Commodity export program.*—The Corporation promotes the export of agricultural commodities and products through sales, barter, payments and other operations. Such commodities and products may be those held in private trade channels as well as those in the Corporation's inventory. This program is carried out under the authority contained in the Corporation's charter, particularly sections 5(d) and 5(f), and in accordance with specific statutes where applicable, such as sections 407 and 416 of the Agricultural Act of 1949, as amended, the International Wheat Agreement Act of 1949, as amended (7 U.S.C. 1641), the Agricultural Trade Development and Assistance Act of 1954, as amended, title I of the Agricultural Act of 1954 and title II of the Agricultural Act of 1956, as amended. In general, transactions involving foreign currencies are conducted pursuant to the Agricultural Trade Development and Assistance Act of 1954, as amended. However, other such transactions may be conducted under the charter authority.

Obligations under the International Wheat Agreement and titles I, II, and IV of the Agricultural Trade Develop-

ment and Assistance Act of 1954, as amended, are paid by the Corporation subject to reimbursement from appropriations authorized for such purpose. These programs are further described under Special activities.

In addition to the exports under the International Wheat Agreement, Corporation-owned wheat is available for export under barter programs of the Corporation at competitive world prices and under the Corporation's export credit sales program. It is also made available to exporters in payment of the price differential between the prevailing world export sales price and the domestic market price which is earned on exports of free-market wheat outside the International Wheat Agreement and under this agreement. Cash payments are made on all exports of wheat flour either under the International Wheat Agreement or outside the agreement. Wheat and flour payments outside the agreement are made on exports to countries not participating in the agreement.

In order to encourage movement of cotton, corn, barley, grain sorghums, oats, rye, and rice from free-market supplies into export channels, export payments are made in the form of these commodities from the Corporation's stocks. Cotton held in the Corporation's inventory is also sold for unrestricted use on a competitive price basis.

The Corporation conducts a cotton products export program designed to protect the competitive position of the domestic cotton industry in relation to sales of cotton products manufactured abroad from American cotton purchased at export prices. Equalization payments, based on the raw cotton content in the products exported, are made to exporters on cotton products of upland cotton grown and wholly processed in the United States.

Also, the Corporation furnishes agricultural commodities and products for distribution or exhibition at international trade fairs to aid in the development of foreign markets for such commodities.

3. *Storage facilities program.*—This program is carried out under the authority contained in the Corporation's charter, particularly sections 4(h), 4(m), and 5 (a) and (b). The Corporation may (a) purchase and maintain (in storage-deficient areas) granaries and equipment for care and storage of grain owned or controlled by the Corporation; (b) make loans for the construction or expansion of farm-storage facilities; (c) provide storage-use guarantees to encourage the construction of commercial storage facilities; and (d) undertake other operations necessary to provide storage adequate to carry out the Corporation's programs.

4. *Supply and foreign purchase program.*—This program is carried out under the authority contained in the Corporation's charter, particularly sections 5 (b) and (c) thereof. The Corporation procures foods, agricultural commodities, their products, and related materials to supply the requirements of Government agencies, foreign governments, and relief and rehabilitation agencies, and to meet domestic requirements. Foods, agricultural commodities and their products are procured or aid is given in their procurement to facilitate distribution or to meet anticipated requirements during periods of short supply. The Corporation may also, through purchases, loans, sales or other means, make available materials and facilities required in connection with the production and marketing of agricultural commodities.

Operations involving procurement for other Government agencies are conducted in accordance with section 4 of the act of July 16, 1943 (15 U.S.C. 713a-9), which requires that the Corporation be fully reimbursed for

services performed, losses sustained, operating costs incurred, or commodities purchased or delivered to or on behalf of any other Government agency from the appropriate funds of such agency. Operations not subject to section 4 of the act may involve losses if such are necessary to the accomplishment of the objectives of the particular operation.

The main activities now carried on are procurement for the International Cooperation Administration and other Government agencies of specialized commodities not in the Corporation's price-support inventory.

Loan operations.—The following table reflects the loan operations of the Corporation applicable to the preceding programs (in thousands of dollars):

	1960 actual	1961 estimate	1962 estimate
Loans outstanding, gross, beginning of year:			
Commodity Credit Corporation.....	2,250,755	1,191,173	1,038,269
Lending agencies.....	916	323	-----
Certificates of interest.....	228,631	155,474	224,000
Total, loans outstanding, gross, beginning of year.....	2,480,302	1,346,970	1,262,269
Add loans made.....	1,506,531	1,786,119	1,995,645
Deduct—			
Loans repaid.....	714,702	657,443	747,787
Acquisition of loan collateral.....	1,922,948	1,211,394	1,062,061
Transfers to accounts receivable.....	753	343	105
Writeoffs.....	1,460	1,640	1,000
Total, loans outstanding, gross, end of year.....	1,346,970	1,262,269	1,446,961
Loans outstanding, end of year:			
Commodity Credit Corporation.....	1,191,173	1,038,269	1,119,961
Lending agencies.....	323	-----	-----
Certificates of interest.....	155,474	224,000	327,000
Total, loans outstanding, gross, end of year.....	1,346,970	1,262,269	1,446,961
Deduct allowance for losses.....	230,725	198,806	194,063
Loans receivable, net (price-support and storage facilities).....	1,116,245	1,063,463	1,252,898

Inventory operations.—The following table reflects the inventory operations applicable to the preceding programs (in thousands of dollars):

	1960 actual	1961 estimate	1962 estimate
AGRICULTURAL COMMODITIES			
On hand, start of year.....	6,131,145	7,170,847	7,384,496
Acquisitions:			
Forfeiture of loan collateral.....	1,922,948	1,211,394	1,062,061
Excess of collateral acquired over loans canceled.....	102,765	85,988	46,198
Purchases.....	1,819,791	1,779,483	457,077
Transfers and exchanges, net.....	-6,419	-----	-----
Carrying charges.....	605,759	668,387	655,107
Total, acquisitions.....	4,444,844	3,745,252	2,220,443
Dispositions:			
Donations to—			
Emergency feed program.....	1,094	473	473
Veterans Administration and Armed Forces.....	29,765	41,977	20,895
Needy persons, domestic.....	81,979	67,901	63,829
Needy persons, foreign (excluding title II, Public Law 480).....	130,834	166,068	156,356
Research, experimentation, education, etc.....	771	1,279	1,265
Total, donations.....	244,443	277,698	242,818

COMMODITY CREDIT CORPORATION—Continued

Public enterprise funds—Continued

COMMODITY CREDIT CORPORATION FUND—Continued

AGRICULTURAL COMMODITIES—Continued	1960 actual	1961 estimate	1962 estimate
Dispositions—Continued			
Sales and transfers:			
Bartered for strategic materials.....	132,202	144,292	133,953
Special programs:			
International Wheat Agreement.....	49,383	53,500	53,500
Title I, Public Law 83-480.....	339,869	379,315	339,210
Title II, Public Law 83-480.....	68,133	217,388	99,368
Title IV, Public Law 83-480.....	-----	3,824	3,597
Migratory waterfowl feed.....	13	35	35
Total special programs.....	457,398	654,062	495,710
Commodity export program, payment-in-kind deliveries.....	262,218	202,125	158,205
Other sales.....	1,804,903	1,736,797	526,537
Net loss on sales and transfers.....	503,978	516,629	455,866
Total, sales and transfers.....	3,160,699	3,253,905	1,770,271
Total, dispositions.....	3,405,142	3,531,603	2,013,089
On hand, end of year.....	7,170,847	7,384,496	7,591,850
Less allowance for losses.....	2,995,739	3,073,127	3,090,072
On hand, end of year, net.....	4,175,108	4,311,369	4,501,778
STRATEGIC AND CRITICAL MATERIALS			
On hand, start of year.....	69,951	52,642	45,000
Acquisitions:			
Delivered by barter contractors.....	170,763	190,000	159,500
Carrying charges.....	5,045	11,000	11,000
Total, acquisitions.....	175,808	201,000	170,500
Dispositions:			
National stockpile and other agencies.....	15	-----	-----
Special program: Supplemental stockpile.....	192,444	207,941	174,800
Difference between cost and transfer value.....	658	701	700
Total, dispositions.....	193,117	208,642	175,500
On hand, end of year.....	52,642	45,000	40,000
Less allowance for losses.....	164	700	700
On hand, end of year, net.....	52,478	44,300	39,300

5. *Special milk program.*—Public Law 85-478 (7 U.S.C. 1446 note), as amended, authorized the use of not to exceed \$85 million for 1960 and \$95 million for 1961, of Commodity Credit Corporation funds to increase the consumption of fluid milk by children in nonprofit schools of high school grade and under and in nonprofit institutions devoted to the care and training of children. The act further provides that amounts spent shall not be considered expended for the purpose of carrying out the price-support program. Public Law 86-446 (74 Stat. 85) authorized an appropriation to reimburse the Corporation for 1961 fiscal year costs separate from any other appropriation for the Corporation. It is recommended that extension of this program be financed on a direct appropriation basis. (See Agricultural Marketing Service.)

6. *Undistributed expenses.*—There are a number of expenses which are not allocated to a specific program. These include interest on (a) the capital stock of the Corporation, (b) borrowings from the Treasury, and (c) other obligations evidencing loans made by lending agen-

cies; administrative expenses; and other miscellaneous costs, including expenses of the agricultural stabilization and conservation county committees and Federal Reserve banks in connection with the Corporation's programs.

Administrative expenses are for the operating staff, including the services of employees of the Commodity Stabilization Service engaged in the Corporation's activities, services performed by other agencies of the Department, costs of audit, and payments to the General Services Administration for space in the District of Columbia and rent of field office space. Estimates for 1962 include a limitation of \$45 million for costs of administration including a reserve of not less than 7% for contingencies. The requested authorization excludes administrative expenses in connection with the supply and foreign purchase program, the wool and mohair program under the National Wool Act of 1954, the International Wheat Agreement, and the sale of long-staple cotton transferred from the national stockpile, since it is contemplated that full reimbursement will be received for these expenses. Such reimbursement will be obtained and used in 1962 in the same manner as in previous years.

Expenses in connection with the acquisition, operation, maintenance, improvement, or disposition of property which the Corporation owns or in which it has an interest have been treated as program rather than administrative expenses. Such expenses include inspection, classing and grading work performed on a fee basis by Federal employees or Federal- or State-licensed inspectors and work performed on a contract basis by agricultural stabilization and conservation county committees. Similarly, expenses of other Federal agencies whose services are utilized in the handling of Commodity Credit Corporation property are treated as program expenses. These include the fleet storage operation of the Maritime Administration conducted intermittently since 1949 and the services of the General Services Administration in connection with the strategic, critical, and other materials acquired by the Corporation.

During 1960, the Commodity Stabilization Service acquired at no cost property declared excess by other Federal agencies with an original acquisition cost to the Government of \$4 thousand. Such property was used to facilitate Commodity Credit Corporation price-support operations.

SPECIAL ACTIVITIES FINANCED BY COMMODITY CREDIT CORPORATION

These activities are carried out under authority of section 5(g) of the Corporation's charter and specific statutory authorizations or directives with respect thereto which are currently in effect or which may subsequently be enacted.

Except with respect to the activities set forth in items (10) and (11) where losses, if any, would be recovered through the general restoration of capital impairment, the Corporation receives reimbursement for costs of these activities through regular appropriations to the Department. The 1961 appropriation, together with the reappropriation of the prior year's unused balances, covered 1960 costs. The proposed appropriations for 1962 will cover 1961 costs. Reimbursement for 1962 costs will be requested in a later budget.

Activities currently being carried out are as follows:

(1) *International Wheat Agreement* (7 U.S.C. 1641-1642).—This agreement, which was renewed for a period of 3 years effective August 1, 1959, operates to provide

an assured market for wheat to exporting countries and assured supplies of wheat to importing countries at stable and equitable prices. The maximum and minimum prices in the 1959 agreement are \$1.90 and \$1.50 per bushel, respectively, for the basic grade of wheat, No. 1 Manitoba Northern, at Fort William/Port Arthur, Canada, in terms of Canadian currency at the parity for the Canadian dollar determined for the purposes of the International Monetary Fund as at March 1949. The agreement total quantity represents about 36% of world trade in wheat, yet the nine exporting member countries export inside and outside the agreement about 90% of all wheat moving in world trade.

Funds of Commodity Credit Corporation and its stocks of wheat are used to pay (a) the difference between the selling prices prevailing under the agreement and the domestic market price of wheat, and (b) administrative and interest costs. The payment of the differential between the prevailing sales price of wheat under the agreement and the market price is paid to the exporter in Commodity Credit Corporation stocks of wheat rather than in cash. A cash payment for this differential is made for flour. The estimate for 1962 of \$88.8 million provides for reimbursing the Corporation for costs of \$71.5 million incurred in 1961 when an estimated 110 million bushels of wheat and wheat flour will be exported under the agreement and for unreimbursed 1960 costs of \$17.3 million.

(2) *Emergency famine relief to friendly peoples.*—The Commodity Credit Corporation, through December 31, 1961, is directed, under title II of Public Law 83-480, as amended (7 U.S.C. 1703, 1721-1724), to make its stocks of agricultural commodities available for emergency assistance to friendly peoples in meeting famine or other urgent relief requirements and to pay ocean freight charges for the shipment of donated commodities. Public Law 86-472, enacted May 14, 1960, authorized payment of transportation to point of entry of landlocked countries and general average contributions arising out of ocean transport of commodities transferred under title II. This law also amended section 202 of title II to authorize, through June 30, 1961, use of assistance under this title to meet the requirements of needy peoples and to promote economic development in underdeveloped areas in addition to that which can be accomplished under title I.

Through June 30, 1960, commitments undertaken under this authority totaled \$627.3 million. Of this amount the value of commodities authorized for shipment totaled \$479.4 million of which more than \$364.4 million was for grain, including rice. Actual commodity and freight costs incurred through June 30, 1960, were \$603 million. During 1961 and 1962, additional commodity and freight costs of \$275.2 million and \$140.9 million, respectively, are expected to be incurred under the program.

Appropriations are authorized to reimburse the Corporation for its costs in carrying out the program. Through December 31, 1959, a total of \$800 million was authorized. From January 1, 1960, \$300 million per calendar year is authorized through December 31, 1961, plus unused balances of the previous authorization. The estimate for 1962 of \$255.7 million provides reimbursement of \$275.2 million for estimated operations during 1961 less \$19.5 million of unused prior year balances applied against 1961 costs.

It is estimated that total costs under this program will approximate \$1,036 million by June 30, 1962, and the

following reflects the costs incurred in carrying out this program by fiscal years (in thousands of dollars):

	Program expenditures	Interest	Total
1955.....	86,623	273	86,896
1956.....	91,277	2,308	93,585
1957.....	120,430	4,461	124,891
1958.....	116,001	5,445	121,446
1959.....	95,511	2,417	97,928
1960.....	93,161	2,339	95,500
1961 (estimate).....	272,388	2,797	275,185
1962 (estimate).....	139,368	1,500	140,868
Cumulative totals.....	1,014,759	21,540	1,036,299

(3) *Sales of surplus agricultural commodities for foreign currencies.*—Under the Agricultural Trade Development and Assistance Act, as amended (7 U.S.C. 1701-1709), surplus agricultural commodities are sold for foreign currencies. These currencies may then be used within certain limitations by the United States Government for agricultural market development, purchase of strategic materials, military equipment facilities and services for the common defense, payment of U.S. obligations, military family housing, and other specified purposes.

If regular appropriations are available for any unrestricted purpose for which foreign currencies are used, the agency must buy the currency for dollars which are credited to the Corporation. Beginning with 1961, special appropriations have been made for uses of foreign currencies in excess of amounts needed for regular operations or where use of currencies is restricted by international agreement or understanding. As these currencies are used, the Corporation will receive reimbursement therefor from these appropriations. The Department of Defense directly reimburses the Corporation for foreign currencies used for military family housing prior to 1961 from quarters allowances and net rental receipts from such housing. Section 509 of Public Law 86-500, approved June 8, 1960 (74 Stat. 186), provides that at least 75% of the total cost of any family housing project or community facility hereafter constructed or acquired in any foreign country (with certain specific exceptions) by any military department shall be paid for from foreign currencies acquired by the Corporation under title I.

Through June 30, 1960, a total of 194 agreements had been signed with 38 countries for commodities representing an export market value of \$4,835.3 million including ocean transportation of \$515.7 million. The major commodities included were wheat, cotton, and fats and oils which together amounted to 81% of the total value of the agreements. Through that date commodities with an export market value of about \$3,623.1 million had been shipped. The total dollar equivalent of foreign currencies deposited in the Treasury through June 30, 1960, amounted to \$3,800.1 million.

Appropriations are authorized to reimburse the Corporation for its net costs in carrying out this program. Through December 31, 1959, a total of \$6.25 billion was so authorized. From January 1, 1960, \$1.5 billion per calendar year is authorized through December 31, 1961, plus unused balances of the previous authorization. Legislation will be proposed to the Congress to increase the authorization through calendar year 1961.

The estimate in 1962 of \$1,353 million covers estimated unreimbursed costs of operations through 1961 amounting to \$1,806.5 million less \$453.5 million representing the dollar equivalent of various foreign currencies

COMMODITY CREDIT CORPORATION—Continued

Public enterprise funds—Continued

COMMODITY CREDIT CORPORATION FUND—Continued

received for agricultural commodities exported as of June 30, 1961, for which the Corporation may eventually be reimbursed in dollars from the sale of such currencies or from net rental receipts from military housing.

The following table reflects the net costs incurred by Commodity Credit Corporation by fiscal years (in thousands of dollars):

	Program expenditures	Interest	Total
1955.....	129,165	355	129,520
1956.....	616,964	7,263	624,227
1957.....	1,361,973	34,400	1,396,373
1958.....	1,089,008	55,710	1,144,718
1959.....	1,089,071	24,183	1,113,254
1960.....	1,279,581	28,388	1,307,969
1961 (estimate).....	1,360,000	37,950	1,397,950
1962 (estimate).....	1,400,000	28,000	1,428,000
Cumulative totals.....	8,325,762	216,249	8,542,011
Deduct sales of currencies and rental collections.....	563,619	-----	563,619
Net Commodity Credit Corporation costs.....	7,762,143	216,249	7,978,392
Appropriations through June 30, 1962.....	-----	-----	6,230,849
Unreimbursed costs, June 30, 1962.....	-----	-----	1,747,543

The following table reflects the computation of the appropriations (in thousands of dollars):

	Program year		
	1960	1961	1962
Due at end of program year.....	1,412,477	1,806,541	1,747,543
Less—			
Due from Department of Defense.....	57,788	71,530	76,622
Estimated to be recovered through sale of foreign currencies and net rental income from military housing.....	296,689	382,011	423,921
Unrecovered costs included in 1962 appropriation.....	177,000	-----	-----
Subtotal.....	531,477	453,541	500,543
Appropriation: 1961, 1962, and 1963.....	881,000	1,353,000	1,247,000

The following reflects the utilization of the foreign currencies acquired under this program (in thousands of dollars):

	1960	1961	1962
Foreign currency, start of year:			
Balance with Treasury.....	1,661,390	2,009,514	2,254,980
Collections in transit to Commodity Credit Corporation.....	—11	—4	-----
Receivable from foreign governments.....	70,116	81,412	81,412
Total.....	1,731,495	2,090,922	2,336,392
Commodities shipped: Commodity Credit Corporation cost:			
Commodity Credit Corporation-owned commodities.....	339,869	379,315	339,210
Private stocks financed by Commodity Credit Corporation including ocean transportation.....	900,056	938,685	1,017,790
Ocean freight differential.....	39,656	42,000	43,000
Interest expense.....	28,388	37,950	28,000
Total, Commodity Credit Corporation cost.....	1,307,969	1,397,950	1,428,000
Deduct—			
Ocean freight differential.....	39,656	42,000	43,000
Adjustment to export market value, including ocean transportation where applicable.....	391,456	377,550	404,400
Foreign currencies becoming due.....	876,857	978,400	980,600

	1960	1961	1962
Deduct foreign currency dispositions.....	517,430	732,930	775,736
Foreign currency, end of year:			
Balance with Treasury.....	2,009,514	2,254,980	2,459,844
Collections in transit to Commodity Credit Corporation.....	—4	-----	-----
Receivable from foreign governments.....	81,412	81,412	81,412
Total.....	2,090,922	2,336,392	2,541,256
Less allowance for loss and future expenditures with reimbursement by special appropriations to Commodity Credit Corporation.....	1,736,445	1,882,851	2,040,713
Recoverable from future sales of currencies and net receipts from military family housing.....	354,477	453,541	500,543

(4) *Long-term supply contracts.*—Under title IV of the Agricultural Trade Development and Assistance Act (7 U.S.C., supp. 1, 1731–1736), the President is authorized to make agreements with friendly nations under which the United States would deliver surplus agricultural commodities over periods of up to 10 years and accept payment in dollars with interest over periods of up to 20 years. The funds and assets of the Corporation are authorized to be used to finance the sale and exportation of such commodities under title IV and appropriations are authorized to reimburse the Corporation therefor. In collaboration with other Government agencies, pilot programs are being developed during the fiscal year 1961 for deliveries under this title. Because of the current uncertainty of the volume of operations in 1961, no amount is included in the 1962 estimates to reimburse the Corporation for its costs.

(5) *Transfer of Commodity Credit Corporation grain to Interior for migratory waterfowl feed.*—The Commodity Credit Corporation is directed to make available to the Secretary of the Interior (7 U.S.C. 442–445), such grain acquired through price-support operations and certified by the Commodity Credit Corporation to be available for such purposes or in such condition as to be undesirable for human consumption, as the Secretary of the Interior shall requisition.

During 1960, a total of 200 tons of Commodity Credit Corporation grain, with an investment value of \$13 thousand were transferred under this program. It is estimated that 400 tons of grain will be transferred in each of the fiscal years 1961 and 1962 at a cost to Commodity Credit Corporation of \$35 thousand in fiscal year 1961 and \$35 thousand in fiscal year 1962. The estimate for 1962 of \$13 thousand provides for reimbursement for operations during 1961 less \$22 thousand of unused prior year balance applied against 1961 costs.

(6) *Transfer of bartered materials to supplemental stockpile.*—The Commodity Credit Corporation is directed under title II of the Agricultural Act of 1956 (7 U.S.C. 1856) to transfer strategic and other materials acquired as a result of barter and exchange of agricultural commodities, other than those acquired for the national stockpile or for other purposes, to the supplemental stockpile. The act authorizes appropriations to reimburse the Corporation for amounts equal to the value of materials transferred.

During fiscal year 1960, materials valued at \$192 million were transferred under this program, and it is estimated that materials valued at \$207.9 million will be transferred during fiscal year 1961 and \$174.8 million in fiscal year 1962. The estimate for 1962 of \$163.2 million provides reimbursement for materials to be transferred during the fiscal year 1961 less \$44.7 million of unused prior year balance applied against 1961 costs.

(7) *Grading and classing activities.*—The Commodity Credit Corporation makes advances to the Agricultural Marketing Service for classing and grading of agricultural commodities without charge to producers (7 U.S.C. 414a). Such advances used for classing cotton and grading tobacco not placed under price-support loan must be repaid from subsequent appropriations. An appropriation for 1962 of \$1.3 million is proposed for repaying advances of \$1.4 million to be received in 1961 less \$147 thousand of unused prior year balance.

(8) *National Wool Act.*—Under the provisions of the National Wool Act of 1954, as amended, incentive payments are being used to encourage the annual domestic production of approximately 300 million pounds of shorn wool. Support of prices of wool and mohair is mandatory. Incentive payments are made to eligible producers on a percentage basis, reflecting the amount required to bring the national average received by all producers up to the announced incentive level. The incentive level shall not exceed 110% of parity. In a referendum conducted in September 1959, wool and lamb producers voted to continue the deduction from their incentive payment of an amount not to exceed 1 cent per pound of wool and 5 cents per hundredweight of unshorn lambs marketed. These funds financed promotional, advertising, and related market-development activities by the American Sheep Producers' Council, Inc., under an agreement with the Secretary of Agriculture.

COSTS OF THE NATIONAL WOOL ACT

[Dollars in thousands]

	<i>Fiscal year 1960 1958 marketing year (actual)</i>	<i>Fiscal year 1961 1959 marketing year (estimate)</i>	<i>Fiscal year 1962 1960 marketing year (estimate)</i>
Volume of marketings:			
Shorn wool.....pounds..	288,049	250,000	265,000
Unshorn lambs.....cwt..	11,179	11,000	11,400
Incentive payments:			
Per pound, shorn wool			
cents.....	25.6	18.7	19.0
Per hundredweight, unshorn			
lambs.....cents..	102.0	75.0	76.0
Incentive payments:			
Shorn wool.....	73,741	46,750	50,350
Unshorn lambs.....	11,402	8,250	8,664
Promotional and advertising			
programs ¹	(3,416)	(3,050)	(3,220)
Total payments.....	85,143	55,000	59,014
Administrative expenses.....	2,845	2,951	2,950
Interest expense.....	4,666	3,882	4,106
Total.....	92,654	61,833	66,070

¹ Deductions from producer payments.

Total payments made under the National Wool Act cannot at any time exceed an amount equal to 70% of the accumulated totals, as of the same date, of the gross receipts from import duties collected on and after January 1, 1953, on wool and wool manufactures. Actual and estimated payments compared with this limitation are as follows (in thousands of dollars):

	<i>1960 actual</i>	<i>1961 estimate</i>	<i>1962 estimate</i>
70% of customs receipts on wool and wool manufactures cumulative from Jan. 1, 1953, to end of preceding calendar year (estimate).....	358,224	417,224	469,224
Cumulative incentive payments on 2d preceding marketing year (fiscal years).....	210,783	265,783	324,797
Balance of limitation available for payments on succeeding marketing years.....	147,441	151,441	144,427

Funds of the Commodity Credit Corporation are used to carry on the wool incentive program. A permanent appropriation is provided to reimburse the Corporation, but the yearly amount is limited to 70% of all duties collected on wool and wool manufactures during the preceding calendar year.

Estimated costs and reimbursements to Commodity Credit Corporation during 1960, 1961, and 1962 are indicated in the following table (in thousands of dollars):

	<i>1960 actual</i>	<i>1961 estimate</i>	<i>1962 estimate</i>
Due at beginning of year.....	84,376	126,979	121,622
Costs for year:			
Program.....	87,988	57,951	61,964
Interest.....	4,666	3,882	4,106
Total.....	92,654	61,833	66,070
Total due.....	177,029	188,812	187,692
Reimbursement to Commodity Credit Corporation.....	50,050	67,190	59,000
Due Commodity Credit Corpora- tion at end of year.....	126,979	121,622	128,692
Less balance due Commodity Credit Cor- poration recoverable from subsequent years' customs receipts.....	59,789	62,622	76,692
Appropriation: 1961, 1962, and 1963.....	67,190	59,000	52,000

(9) *Soil bank program.*—Pursuant to section 120 of the Agricultural Act of 1956 (7 U.S.C. 1808) the Secretary of Agriculture utilizes the facilities of the Corporation for making payments to farmers under this program. (See Commodity Stabilization Service.)

(10) *Military housing.*—During 1957 a contract was completed for the disposition of Commodity Credit Corporation-owned commodities valued at \$50 million for the construction of military housing in France with foreign currencies obtained from this transaction. Proceeds from rental and quarters allowances will be paid by the Department of Defense over a long period of years to reimburse the Corporation pursuant to the act of September 1, 1954 (5 U.S.C. 171z-1).

(11) *Transfer of long-staple cotton from national stockpile for sale by Commodity Credit Corporation.*—The act of July 10, 1957 (71 Stat. 290), authorizes the transfer of 50 thousand bales of domestically grown extra long-staple cotton from the national stockpile to the Corporation for sale. Proceeds less costs incurred, including administrative expenses, are covered into the Treasury as miscellaneous receipts.

(12) *Loans to Secretary of Agriculture for conservation purposes.*—Under section 391(c) of the Agricultural Adjustment Act of 1938, as amended (7 U.S.C. 1391), the Corporation advances funds to the Secretary in amounts not to exceed \$50 million annually to purchase conservation materials and services. Repayments of the loans plus interest are made as soon as practicable in the succeeding fiscal year from funds appropriated for the agricultural conservation program. (See Agricultural Conservation Program Service.)

FINANCING THE PROGRAMS

Financing.—The programs of the Commodity Credit Corporation are financed by capital stock, borrowings, guarantees to purchase notes or other obligations evidencing loans made by lending agencies, issuance of certificates of interest in loans held by the Corporation, restoration of capital impairment, appropriations to reimburse the

COMMODITY CREDIT CORPORATION—Continued**Public enterprise funds—Continued****COMMODITY CREDIT CORPORATION FUND—Continued**

Corporation for costs of special activities, and receipts from operations.

Borrowing authority.—The Corporation has an authorized capital stock of \$100 million held by the United States and authority to borrow up to \$14.5 billion.

Funds are borrowed from Treasury and may also be borrowed from private lending agencies. In connection with loan guarantees, the Corporation reserves a sufficient amount of its borrowing authority to purchase at any time all notes and other obligations evidencing loans made by lending agencies or certificates of interest issued in connection with the financing of price-support operations. All bonds, notes, debentures, and similar obligations issued by the Corporation are subject to approval by the Secretary of the Treasury as required by the act of March 8, 1938 (15 U.S.C. 713a-4).

Interest on borrowings from the Treasury (and on capital stock) is paid in accordance with a policy of the Treasury that the rate shall be based upon the average interest rate on all outstanding marketable obligations (of comparable maturity date) of the United States as of the preceding month. Interest is also paid on certificates of interest and lending agency obligations for the period the agencies have their funds invested.

On the basis of the budgetary assumptions heretofore described, the consequent estimated program requirements currently indicate no need for an increase in borrowing authority. Since there are so many uncontrollable factors affecting the programs of the Corporation involving crops which have not even been planted, it must be recognized that estimates of the use of borrowing authority are highly tentative.

POSITION WITH RESPECT TO BORROWING AUTHORITY AS OF JUNE 30

[In millions of dollars]

	1960 actual	1961 estimate	1962 estimate
Statutory borrowing authority.....	14,500	14,500	14,500
Deduct borrowings from Treasury.....	12,704	13,396	13,653
Obligations to purchase loans or certificates held by lending agencies (guaranteed by Commodity Credit Corporation).....	156	224	327
Total statutory borrowing authority outstanding.....	12,860	13,620	13,980
Net statutory borrowing authority available.....	1,640	880	520

Note.—This table does not reflect the following charges: Accounts payable, accrued liabilities, and obligations outstanding other than obligations to purchase loans and certificates held by banks. These do not become charges against the statutory borrowing authority until they result in borrowings from Treasury or loans or certificates held by banks.

Restoration of capital impairment.—Pursuant to the act of March 8, 1938, as amended (15 U.S.C. 713a-1), an appraisal of the assets and liabilities of the Corporation is made each year by the Secretary of the Treasury to determine the net worth. If the net worth is less than \$100 million, the Secretary of the Treasury restores the amount of capital impairment; if net worth is more than \$100 million, the Corporation pays the surplus to the Treasury (15 U.S.C. 713a-2). The appraisal of the assets is on the basis of cost to the Corporation. The capital impairment, therefore, represents realized losses.

The realized losses reflected on the books of the Corporation for 1960 were \$1,612 million. An appropriation of \$1,226 million was received in fiscal year 1961 to restore the 1959 unrecovered realized losses of \$632 million and \$594 million for part of the 1960 estimated losses. The estimate for 1962 of \$1,018 million represents the remainder of the unrestored 1960 actual realized losses of \$1,612 million.

The capital impairment has previously been restored as follows (in thousands of dollars):

PRICE SUPPORT, SUPPLY, AND RELATED PROGRAMS AND SPECIAL MILK

Realized losses 1933 to 1960 inclusive.....	12,025,076
Reimbursements by the Treasury:	
Restoration of capital impairment:	
Appropriations (11 times).....	6,623,213
Note cancellations (6 times).....	2,697,807
	9,321,020
Less dividends paid to Treasury (4 times).....	138,209
Total restoration of capital impairment.....	9,182,811
Other reimbursements:	
Appropriations (2 times).....	541,916
Note cancellation (1 time).....	56,239
Total other reimbursements.....	598,155
Total.....	9,780,966

Impairment (realized deficit) as of June 30, 1960, price support, supply, and related programs and special milk..... 2,244,110

SPECIAL ACTIVITIES FINANCED BY COMMODITY CREDIT CORPORATION

Realized losses, 1948 to 1960 inclusive.....	8,163,041
Reimbursements by the Treasury:	
Appropriations (11 times).....	5,845,705
Note cancellations (4 times).....	536,518
Total reimbursements.....	6,382,223
Deficit as of June 30, 1960, special activities financed by Commodity Credit Corporation.....	1,780,818

Receipts from operations.—These include proceeds from sales of commodities, loan repayments, interest income, advances, reimbursements for special activities financed by the Corporation other than from special appropriations, and miscellaneous income, refunds, and collections.

Sources and Application of Funds (Operations) (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
PRICE SUPPORT, SUPPLY, AND RELATED PROGRAMS AND SPECIAL MILK			
Gross expenditures (funds applied):			
Price-support program.....	4,080,860	4,225,435	3,029,586
Less commodity transfers to—			
Special activities financed by Commodity Credit Corporation.....	649,842	862,003	670,510
Commodity export program.....	289,024	272,525	212,455
Price-support program, net of transferred charges.....	3,141,994	3,090,907	2,146,621
Commodity export program: Expense.....	311,112	259,369	214,440
Storage facilities program:			
Acquisition of assets.....	25,504	27,729	22,900
Expense.....		72	72
Supply and foreign purchase program: Expense.....	481	481	481
Special milk program: Expense (including administrative).....	82,210	90,000	

Sources and Application of Funds (Operations) (in thousands of dollars)—Con.

	1960 actual	1961 estimate	1962 estimate
PRICE SUPPORT, SUPPLY, AND RELATED PROGRAMS AND SPECIAL MILK—Continued			
Gross expenditures (funds applied)—Continued			
Undistributed expenses:			
Administrative expense subject to limitation (excluding special milk).....	39,431	43,791	41,274
Interest expense:			
Treasury.....	464,786	430,000	375,000
Other.....	7,729	12,700	14,000
Other expense.....	27,264	27,680	15,260
Total gross expenditures.....	4,100,510	3,982,729	2,830,048
Receipts from operations (funds provided):			
Price-support program, net.....	2,462,855	2,287,558	1,193,482
Commodity export program: Revenue.....	2		
Storage facilities program:			
Receipts from loans.....	11,387	9,966	16,005
Other program revenue.....	51		
Supply and foreign purchase program:			
Revenue.....	1,091	558	550
Special milk program: Revenue (recoveries).....	1,029		
Undistributed: Interest and other revenue.....	60,573	75,287	67,438
Decrease in selected working capital.....	2,103	96,360	15,966
Total receipts from operations.....	2,539,091	2,469,729	1,293,441
Budget expenditures, price support, supply, and related programs and special milk.....	1,561,419	1,513,000	1,536,607
SPECIAL ACTIVITIES FINANCED BY COMMODITY CREDIT CORPORATION (see schedule)			
Gross expenditures (funds applied):			
Commodity transfers from price-support program.....	649,842	862,003	670,510
Interest on balance recoverable.....	36,282	46,545	35,072
Other program expenses.....	1,038,331	1,121,451	1,188,581
Increase in selected working capital (soil bank and other).....	211,653	99,184	48,856
Loan for agricultural conservation purposes.....	38,200	37,500	17,500
Total gross expenditures.....	1,974,309	2,166,683	1,960,519
Receipts from operations (funds provided):			
Recovered from other than special appropriations to reimburse Commodity Credit Corporation.....	249,969	228,200	186,150
Repayment of loans for agricultural conservation purposes.....	38,500	41,200	25,500
Total receipts from operations.....	288,469	269,400	211,650
Budget expenditures, special activities financed by Commodity Credit Corporation.....	1,685,840	1,897,283	1,748,869
Total net budget expenditures.....	3,247,259	3,410,283	3,285,476

Revenue, Expense, and Retained Earnings (in thousands of dollars)

PRICE SUPPORT, SUPPLY, AND RELATED PROGRAMS AND SPECIAL MILK			
Price-support program:			
Revenue.....	2,862,434	2,964,266	1,504,060
Expense.....	3,604,010	3,743,698	2,191,479
Net loss (—) (realized).....	—741,576	—779,432	—687,419
Increase (—) in allowance for losses (unrealized).....	—213,335	—46,005	—12,202
Net operating loss (—), price-support program.....	—954,911	—825,437	—699,621

Revenue, Expense, and Retained Earnings (in thousands of dollars)—Continued

	1960 actual	1961 estimate	1962 estimate
PRICE SUPPORT, SUPPLY, AND RELATED PROGRAMS AND SPECIAL MILK—Continued			
Commodity export program: Expense:			
Net operating loss (—) (realized).....	—311,110	—259,369	—214,440
Storage facilities program: Expense: ¹			
Net operating income or loss (—) (realized).....	51	—72	—72
Supply and foreign purchase program:			
Revenue.....	1,091	558	550
Expense.....	748	558	550
Net operating income (realized), supply and foreign purchase program.....	343		
Special milk program:			
Revenue.....	1,029		
Expense (including administrative).....	82,210	90,000	
Net operating loss (—) (realized), special milk program.....	—81,181	—90,000	
Undistributed:			
Revenue.....	60,573	75,287	67,438
Expense.....	539,209	514,171	445,534
Net loss (—) (realized).....	—478,636	—438,884	—378,096
Increase (—) or decrease in allowance for losses (unrealized).....	—1,776	1,115	2,174
Net operating loss (—) undistributed.....	—480,412	—437,769	—375,922
Net loss (—) for the year:			
Realized.....	—1,612,109	—1,567,757	—1,280,027
Unrealized.....	—215,111	—44,890	—10,028
Net loss (—) for the year, price support, supply, and related programs and special milk.....	—1,827,220	—1,612,647	—1,290,055
Analysis of deficit (—):			
Deficit (—), beginning of year.....	—5,763,087	—5,479,883	—5,866,030
Appropriations:			
Restoration of capital impairment.....	2,110,424	1,226,500	1,017,610
Reimbursement for costs of special milk program.....			90,000
Deficit (—), end of year, price support, supply, and related programs and special milk.....	—5,479,883	—5,866,030	—6,048,475
SPECIAL ACTIVITIES FINANCED BY COMMODITY CREDIT CORPORATION			
Revenue: Reimbursements received.....	249,969	228,200	186,150
Expense.....	1,724,455	2,029,999	1,894,163
Net loss (—), for the year, special activities financed by Commodity Credit Corporation.....	—1,474,487	—1,801,799	—1,708,013
Deficit (—), beginning of year.....	—1,599,057	—1,780,818	—2,046,401
Reimbursement from special appropriations, net (see schedule).....	1,292,726	1,536,216	1,920,915
Deficit (—), end of year, special activities financed by Commodity Credit Corporation.....	—1,780,818	—2,046,401	—1,833,499
Total deficit (—), end of year, all transactions of Commodity Credit Corporation.....	—7,260,701	—7,912,431	—7,881,974

¹ Operation and maintenance costs applicable to owned structures are reflected as carrying charges on the commodities stored.

COMMODITY CREDIT CORPORATION—Continued**Public enterprise funds—Continued****COMMODITY CREDIT CORPORATION FUND—Continued****Financial Condition (in thousands of dollars)**

	1960 actual	1961 estimate	1962 estimate
Assets:			
Cash with Treasury and in banks.....	28,896	28,970	29,019
Accounts receivable, net:			
Price support, supply and related programs and special milk.....	170,935	128,480	86,304
Special activities financed by Commodity Credit Corporation.....	118		
Deferred and undistributed charges, net.....	61,120	50,200	46,900
Commodities for sale, net:			
Agricultural commodities.....	4,175,108	4,311,369	4,501,778
Strategic and critical materials.....	52,478	44,300	39,300
Total, commodities for sale, net.....	4,227,586	4,355,669	4,541,078
Loans receivable, net:			
Price support and storage facilities loans.....	1,116,245	1,063,463	1,252,898
Loans for agricultural conservation purposes (special activities financed by Commodity Credit Corporation).....	29,200	25,500	17,500
Total loans receivable, net.....	1,145,445	1,088,963	1,270,398
Amounts recoverable from other than special appropriations (special activities financed by Commodity Credit Corporation):			
Sales of surplus agricultural commodities for foreign currencies:			
Due from foreign currencies to be sold and net rental income from military housing.....	296,689	382,011	423,921
Due from Department of Defense for foreign currencies used in military housing construction (Public Law 480).....	57,788	71,530	76,622
Subtotal.....	354,477	453,541	500,543
Due from Department of Defense from receipts from military housing rentals (Public Law 161, barter and exchange).....	48,897	46,888	45,188
Due from foreign governments under long-term supply contracts.....		6,250	11,400
Total amounts recoverable from other than special appropriations.....	403,374	506,679	557,131
Land, structures, and equipment, net.....	128,456	116,956	105,456
Total assets.....	6,165,930	6,275,917	6,636,286
Liabilities:			
Loans and certificates held by lending agencies.....	155,797	224,000	327,000
Price support, supply, and related programs and special milk.....	367,463	409,334	377,650
Special activities financed by Commodity Credit Corporation:			
National Wool Act payments due producers.....	55,000	59,014	60,610
Unused soil bank advances.....	44,359		
Other.....	12		
Total, special activities financed by Commodity Credit Corporation.....	99,371	59,014	60,610
Total liabilities.....	622,631	692,348	765,260
Government investment:			
Interest-bearing capital:			
Start of year.....	12,974,000	12,804,000	13,496,000
Borrowings from Treasury during year, net.....	-170,000	692,000	257,000
End of year.....	12,804,000	13,496,000	13,753,000

Financial Condition (in thousands of dollars)—Continued

	1960 actual	1961 estimate	1962 estimate
Government investment—Continued			
Deficit (—):			
Price support, supply, and related programs and special milk:			
Net realized deficit (—).....	-2,244,110	-2,585,367	-2,757,784
Net unrealized deficit (—).....	-3,235,773	-3,280,663	-3,290,691
Total deficit (—), price support, supply, and related programs and special milk.....	-5,479,883	-5,866,030	-6,048,475
Total deficit (—), special activities financed by Commodity Credit Corporation.....	-1,780,818	-2,046,401	-1,833,499
Total deficit (—).....	-7,260,701	-7,912,431	-7,881,974
Total Government investment.....	5,543,299	5,583,569	5,871,026

Status of Certain Fund Balances (in thousands of dollars)

	1959 actual	1960 actual	1961 estimate	1962 estimate
Unexpended balance:				
Cash with Treasury.....	33,366	28,896	28,970	29,019
Budget authorization.....	1,626,000	1,796,000	1,104,000	847,000
Total unexpended balance.....	1,659,366	1,824,896	1,132,970	876,019
Obligated balance, net:				
Current liabilities.....	806,196	622,631	692,348	765,260
Obligations other than liabilities:				
Price support, supply, and related programs and special milk:				
Purchase agreements outstanding.....	49,459	51,701	53,000	42,000
Commodities under contract to purchase.....		170,900	192,200	164,000
Unrecorded claims.....	3,530	7,072	7,000	7,000
Approved declarations of sales for export.....	52,870	44,908	33,870	26,790
Farm storage facility and equipment loan commitments.....	5,460	1,977	2,130	1,778
Special activities financed by Commodity Credit Corporation: Commitments which are recoverable:				
Letters of commitment.....	252,842	148,541	157,760	162,400
Approved declarations of sales for export.....	2,856	7,957	7,350	7,350
Subtotal.....	255,698	156,498	165,110	169,750
Accounts receivable, net (—):				
Price support, supply, and related programs and special milk.....	-262,853	-170,935	-128,480	-86,304
Special activities financed by Commodity Credit Corporation.....		-118		
Amounts recoverable from other than special appropriations, net (—).....	-223,499	-403,374	-506,679	-557,131
Commitments which are recoverable, included above (—).....	-255,698	-156,498	-165,110	-169,750
Total obligated balance.....	431,163	324,762	345,389	363,393
Unobligated balance ¹	1,228,203	1,500,134	787,581	512,626

¹ Statutory obligations against borrowing authority include only borrowings from Treasury and obligations to purchase notes or other obligations evidencing loans made by lending agencies. Other obligations, contingent liabilities, and commitments do not become charges against the statutory borrowing authority until they result in borrowings from Treasury or in notes or other obligations evidencing loans made by lending agencies.

Note.—In addition to obligations other than liabilities reflected in the status of certain fund balances the Corporation does not reflect in its accounts claims by the Corporation on which adequate proof has not been established and the outstanding guarantee and occupancy agreements for storage space.

SCHEDULE OF SPECIAL ACTIVITIES FINANCED BY COMMODITY CREDIT CORPORATION

[In thousands of dollars]

												Balance as of June 30	
RECOVERABLE COSTS	Balance recoverable and liabilities (-) as of July 1	Special appropriations to reimburse Commodity Credit Corporation (net)	Balance recoverable after application of appropriations	Program expenditures			Total program expenditures	Recovered or recoverable from other than special appropriations	Net operating loss	Changes in selected working capital	Net budget expenditures	Recoverable from special appropriations (deficit)	Recoverable from other funds and appropriations, and current liabilities (-) ¹
				Commodity transfers from price-support program	Interest on balance recoverable	Other costs and capital outlay							
"Reimbursement to Commodity Credit Corporation for costs of special activities":													
International Wheat Agreement:													
1960.....	47,405	47,405	-----	49,383	888	16,030	66,302	-----	66,302	-----	66,302	66,302	-----
1961.....	66,302	49,042	17,259	53,500	1,816	16,215	71,530	-----	71,530	-----	71,530	88,790	-----
1962.....	88,790	88,790	-----	53,500	966	16,215	70,681	-----	70,681	-----	70,681	70,681	-----
Emergency famine relief to friendly peoples:													
1960.....	96,602	96,602	-----	68,133	2,339	25,028	95,500	-----	95,500	-----	95,500	95,500	-----
1961.....	95,500	115,000	-19,500	217,388	2,797	55,000	275,185	-----	275,185	-----	275,185	255,685	-----
1962.....	255,685	255,685	-----	99,368	1,500	40,000	140,868	-----	140,868	-----	140,868	140,868	-----
Sales of surplus agricultural commodities for foreign currencies:													
1960.....	1,148,505	968,016	180,489	339,869	28,388	939,712	1,307,969	249,969	1,058,000	173,987	1,231,987	1,058,000	354,477
1961.....	1,412,477	881,000	531,477	379,315	37,950	980,685	1,397,950	221,950	1,176,000	99,063	1,275,063	1,353,000	453,541
1962.....	1,806,541	1,353,000	453,541	339,210	28,000	1,060,790	1,428,000	181,000	1,247,000	47,002	1,294,002	1,247,000	500,543
Long-term supply contracts:													
1961.....	-----	-----	-----	3,824	100	6,176	10,100	6,250	3,850	6,250	10,100	² 3,850	6,250
1962.....	10,100	(²)	10,100	3,597	500	5,203	9,300	5,150	4,150	5,150	9,300	8,000	11,400
Transfer of Commodity Credit Corporation grain to Interior for migratory waterfowl feed:													
1960.....	17	17	-----	13	-----	-----	13	-----	13	-----	13	13	-----
1961.....	13	36	-22	35	-----	-----	35	-----	35	-----	35	13	-----
1962.....	13	13	-----	35	-----	-----	35	-----	35	-----	35	35	-----
Transfer of bartered materials to supplemental stockpile:													
1960.....	314,728	129,000	185,728	192,444	-----	-----	192,444	-----	192,444	-----	192,444	378,172	-----
1961.....	378,172	422,950	-44,778	207,941	-----	-----	207,941	-----	207,941	-----	207,941	163,163	-----
1962.....	163,163	163,163	-----	174,800	-----	-----	174,800	-----	174,800	-----	174,800	174,800	-----
Grading and classing activities:													
1960.....	609	609	-----	-----	1	851	852	-----	852	-----	852	852	-----
1961.....	852	998	-147	-----	-----	1,411	1,411	-----	1,411	-----	1,411	1,264	-----
1962.....	1,264	1,264	-----	-----	-----	2,813	2,813	-----	2,813	-----	2,813	2,813	-----
Animal disease eradication activities:													
1960.....	1,055	1,027	28	-----	-----	-28	-28	-----	-28	-----	-28	-----	-----
<u>Subtotal:</u>													
1960.....	1,608,921	1,242,676	366,245	649,842	31,616	981,593	1,663,051	249,969	1,413,083	173,987	1,587,070	1,598,839	354,477
1961.....	1,953,316	1,469,026	484,289	862,003	42,663	1,059,487	1,964,152	228,200	1,735,952	105,313	1,841,265	1,865,765	459,791
1962.....	2,325,556	1,861,915	463,641	670,510	30,966	1,125,021	1,826,497	186,150	1,640,347	52,152	1,692,499	1,644,197	511,943
"Reimbursement to Commodity Credit Corporation, National Wool Act":													
1960.....	84,376	50,050	34,326	-----	4,666	56,738	61,404	-----	61,404	31,250	92,654	181,979	-55,000
1961.....	126,979	67,190	59,789	-----	3,882	61,964	65,847	-----	65,847	-4,014	³ 61,833	180,636	-59,014
1962.....	121,622	³ 59,000	62,622	-----	4,106	63,560	67,666	-----	67,666	-1,596	66,070	189,302	-60,610
Soil bank program: ⁴													
Acreage reserve certificates payable:													
1960.....	-336	-----	-336	-----	-----	-----	-----	-----	-----	324	324	-----	-12
1961.....	-12	-----	-12	-----	-----	-----	-----	-----	-----	12	12	-----	-----
Acreage reserve advances:													
1960.....	-4,953	-----	-4,953	-----	-----	-----	-----	-----	-----	(66)	(66)	-----	-4,886
1961.....	-4,886	-----	-4,886	-----	-----	-----	-----	-----	-----	(4,886)	-----	-----	-----
Conservation reserve advances:													
1960.....	-29,768	-----	-29,768	-----	-----	-----	-----	-----	-----	(-9,705)	(-9,705)	-----	-39,473
1961.....	-39,473	-----	-39,473	-----	-----	-----	-----	-----	-----	(39,473)	-----	-----	-----
Other programs:													
Military housing (Public Law 161, barter and exchange):													
1960.....	43,009	-----	43,009	-----	-----	-----	-----	-----	-----	5,888	5,888	-----	48,897
1961.....	48,897	-----	48,897	-----	-----	-----	-----	-----	-----	-2,009	-2,009	-----	46,888
1962.....	46,888	-----	46,888	-----	-----	-----	-----	-----	-----	-1,700	-1,700	-----	45,188

See footnotes at end of table, p. 390.

COMMODITY CREDIT CORPORATION—Continued

Public enterprise funds—Continued

COMMODITY CREDIT CORPORATION FUND—Continued

SCHEDULE OF SPECIAL ACTIVITIES FINANCED BY COMMODITY CREDIT CORPORATION—Continued

[In thousands of dollars]

	Balance recoverable and liabilities (—) as of July 1	Special appropriations to reimburse Commodity Credit Corporation (net)	Balance recoverable after application of appropriations	Program expenditures			Recovered or recoverable from other than special appropriations	Net operating loss	Changes in selected working capital	Net budget expenditures	Recoverable from special appropriations (deficit)	Balance as of June 30	Recoverable from other funds and appropriations, and current liabilities (—) ¹
			Commodity transfers from price-support program	Interest on balance recoverable	Other costs and capital outlay	Total program expenditures							
RECOVERABLE COSTS—continued													
Other programs—Continued													
Transfer of long-staple cotton from national stockpile for sale by Commodity Credit Corporation:													
1960.....	—86	-----	—86	-----	-----	-----	-----	-----	204	204	-----	-----	118
1961.....	118	-----	118	-----	-----	-----	-----	-----	—118	—118	-----	-----	-----
Total recoverable costs:													
1960.....	1,701,163	1,292,726	408,437	649,842	36,282	1,038,331	1,724,455	249,969	1,474,487	211,653	1,686,140	1,780,818	304,121
1961.....	2,084,939	² 1,536,216	548,722	862,003	46,545	1,121,451	2,029,999	228,200	1,801,799	99,184	1,900,983	2,046,401	447,665
1962.....	2,494,066	1,920,915	573,151	670,510	35,072	1,188,581	1,894,163	186,150	1,708,013	48,856	1,756,869	1,833,499	496,521
CAPITAL OUTLAY													
Loans for agricultural conservation purposes:													
1960.....	29,500	-----	29,500	-----	-----	38,200	38,200	38,500	-----	-----	—300	-----	29,200
1961.....	29,200	-----	29,200	-----	-----	37,500	37,500	41,200	-----	-----	—3,700	-----	25,500
1962.....	25,500	-----	25,500	-----	-----	17,500	17,500	25,500	-----	-----	—8,000	-----	17,500
Net budget expenditures:													
1960.....	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	1,685,840	-----	-----
1961.....	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	1,897,283	-----	-----
1962.....	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	1,748,869	-----	-----

¹ Consists of the following items: Sales of surplus agricultural commodities for foreign currencies—amounts to be recovered from other agencies for future sales of foreign currencies for dollars and from Department of Defense for use of foreign currencies for construction of military housing abroad. Long-term supply contracts—amounts due from foreign countries for export value of commodities furnished and interest. Reimbursement to Commodity Credit Corporation, National Wool Act—amounts of liability for accrued payments due producers which will be paid in the succeeding fiscal year. Military housing (Public Law 84-161, barter and exchange)—amount to be recovered from Department of Defense for value of agricultural commodities exchanged for construction of military housing abroad. Transfer of long-staple cotton from national stockpile for sale by Commodity Credit Corporation—amount available for payment of additional costs or for deposit in the Treasury as miscellaneous receipts. Soil bank—unused advance received from funds appropriated for soil bank programs and small

residual balance of unpaid acreage reserve certificates. Loans for agricultural conservation purposes—amount due from Secretary of Agriculture for advance purchase of conservation materials.

² Because of the current uncertainty of the volume of operations in 1961, no amount is included in the 1962 estimates to reimburse the Corporation for its costs.

³ The estimated appropriation of \$59,000 thousand for 1962 to reimburse the Corporation represents an amount equal to 70% of the preceding calendar year's customs receipts on wool and wool products to which reimbursement is limited in each fiscal year. The additional amounts due will be reimbursed from subsequent years' customs receipts.

⁴ Amounts bracketed are contained in "Soil bank program" under Commodity Stabilization Service.

⁵ Includes \$25,412 thousand reappropriated of which \$20 thousand was not used, and excludes \$10 thousand return of prior year balances.

LIMITATION ON ADMINISTRATIVE EXPENSES

Nothing in this Act shall be so construed as to prevent the Commodity Credit Corporation from carrying out any activity or any program authorized by law: *Provided*, That not to exceed \$45,726,000 \$44,956,000 shall be available for administrative expenses of the Corporation: *Provided further*, That \$1,000,000 of this authorization shall be available only to expand and strengthen the sales program of the Corporation pursuant to authority contained in the Corporation's charter: *Provided further*, That not less than 7 per centum of this authorization shall be placed in reserve to be apportioned pursuant to section 3679 of the Revised Statutes, as amended, for use only in such amounts and at such time as may become necessary to carry out program operations: *Provided further*, That all necessary expenses (including legal and special services performed on a contract or fee basis, but not including other personal services) in connection with the acquisition, operation, maintenance, improvement, or disposition of any real or personal property belonging to the Corporation or in which it has an interest, including expenses of collections of pledged collateral, shall be considered as nonadministrative expenses for the purposes hereof [*Provided further*, (1) That no part of this authorization shall be used to formulate or carry out a price-support program for 1960 under which a total amount of price support in excess of \$50,000 would be extended through loans, purchases, or purchase agreements

made or made available by Commodity Credit Corporation to any person on the 1960 production of any agricultural commodity declared by the Secretary to be in surplus supply, unless (a) such person shall reduce his production of such commodity from that which such person produced the preceding year, in such percentage, not to exceed 20 per centum, as the Secretary may determine to be essential to bring production in line within a reasonable period of time with that necessary to provide an adequate supply to meet domestic and foreign demands, plus adequate reserves, or (b) such person shall agree to repay all amounts advanced in excess of \$50,000 for any agricultural commodity within twelve months from the date of the advance of such funds or at such later date as the Secretary may determine, (2) that the term "person" shall mean an individual, partnership, firm, joint-stock company, corporation, association, trust, estate, or other legal entity, or a State, political subdivision of a State, or any agency thereof, (3) that in the case of any loan to, or purchase from, a cooperative marketing organization, or with regard to price support on an agricultural commodity extended by purchases of a product of such commodity from, or by loans on such product to, persons other than the producers of such commodity, such limitation shall not apply to the amount of price support received by the cooperative marketing organization, or other persons, but the amount of price support made available to any person through such cooperative marketing organization or other persons shall be included in determining the amount

of price support received by such person for purposes of such limitation, and (4) that the Secretary of Agriculture shall issue regulations prescribing such rules as he determines necessary to carry out this provision]. (7 U.S.C. 442-445, 624, 1282, 1301, 1385, 1391c, 1421-1432, 1441-1449, 1691-1697, 1701-1709, 1721-1724, 1731-1736, 1741-1747, 1808, 1813, 1851-1854, 1856-1857, 1859-1860; 12 U.S.C. 1148a-2; 15 U.S.C. 712a, 713a-10, 714-714p; 31 U.S.C. 841, 846-852, 866-868c, 869; 50 U.S.C. App. 1917; 71 Stat. 290; 74 Stat. 6-7, 84-85, 136, 140, 186, 899, 1054; Department of Agriculture and Farm Credit Administration Appropriation Act, 1961.)

Program and Financing (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
Operating costs:			
1. Price-support program.....	34,600	38,522	36,005
2. Storage facilities program.....	3,254	3,474	3,474
3. Commodity export program.....	1,619	1,795	1,795
4. Special milk program.....	618	700	
Total program costs.....	40,091	44,491	41,274
5. Relation of costs to obligations: Costs financed from obligations of other years, net (-).....	-42		
Total obligations.....	40,049	44,491	41,274
Financing:			
Unobligated balance lapsing.....	2,351		
Reserve for contingencies.....		1,235	3,682
Limitation.....	42,400	45,726	44,956

5. *Relation of costs to obligations.*—Year-end balances of unpaid undelivered orders are as follows: 1959, \$611 thousand; 1959 (adjusted), \$257 thousand; 1960, \$215 thousand; 1961, \$215 thousand; 1962, \$215 thousand.

Object Classification (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
COMMODITY CREDIT CORPORATION			
11 Personnel compensation:			
Permanent positions.....	22,258	25,237	24,747
Positions other than permanent.....	2,025	2,372	937
Other personnel compensation.....	802	744	644
Total personnel compensation.....	25,085	28,353	26,328
12 Personnel benefits.....	1,611	2,167	2,056
21 Travel and transportation of persons.....	1,034	1,016	1,011
22 Transportation of things.....	146	137	137
23 Rent, communications, and utilities.....	5,589	5,671	5,259
24 Printing and reproduction.....	995	1,039	1,039
25 Other services.....	319	406	484
Services of other agencies.....	4,831	4,453	4,434
26 Supplies and materials.....	439	549	526
Total, Commodity Credit Corporation.....	40,049	43,791	41,274
ALLOCATION TO AGRICULTURAL MARKETING SERVICE			
11 Personnel compensation:			
Permanent positions.....		566	
Other personnel compensation.....		3	
Total personnel compensation.....		569	
12 Personnel benefits.....		43	
21 Travel and transportation of persons.....		59	
22 Transportation of things.....		1	
23 Rent, communications, and utilities.....		20	
24 Printing and reproduction.....		1	
25 Other services.....		2	
26 Supplies and material.....		5	
Total, Agricultural Marketing Service.....		700	
Total obligations.....	40,049	44,491	41,274

Personnel Summary

	1960 actual	1961 estimate	1962 estimate
COMMODITY CREDIT CORPORATION			
Total number of permanent positions.....	5,058	4,767	4,570
Full-time equivalent of other positions.....	605	657	257
Average number of all employees.....	4,781	4,977	4,579
Number of employees at end of year.....	4,265	4,556	4,356
Average GS grade.....	6.3	6.4	6.5
Average GS salary.....	\$5,470	\$5,994	\$6,052
ALLOCATION TO AGRICULTURAL MARKETING SERVICE			
Total number of permanent positions.....		87	
Average number of all employees.....		84	
Number of employees at end of year.....		83	
Average GS grade.....		7.5	
Average GS salary.....		\$6,356	
Average salary of ungraded positions.....		\$4,430	

INFORMATIONAL FOREIGN CURRENCY SCHEDULE

Foreign currency, Agricultural Trade Development and Assistance Act of 1954

Program and Financing (in thousands of U.S. dollar equivalents)

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
Audit and end use checks on food commodities donated abroad (total obligations).....	100		
Financing:			
Authorization to expend foreign currency receipts (7 U.S.C. 1704).....	100		

Under section 416 of the Agricultural Act of 1949, as amended (title III of the Agricultural Trade Development and Assistance Act of 1954) food commodities are donated abroad through voluntary charitable agencies. End use checks and audits are being made to determine how effectively and appropriately donated commodities are distributed and utilized.

Object Classification (in thousands of U.S. dollar equivalents)

	1960 actual	1961 estimate	1962 estimate
ALLOCATION TO INTERNATIONAL COOPERATION ADMINISTRATION			
11 Personnel compensation: Permanent posi- tions.....	65		
12 Personnel benefits.....	4		
21 Travel and transportation of persons.....	28		
26 Supplies and materials.....	2		
31 Equipment.....	1		
Total obligations.....	100		

Personnel Summary

	1960 actual	1961 estimate	1962 estimate
Total number of permanent positions.....	9		
Average number of all employees.....	8		
Number of employees at end of year.....	9		
Average GS grade.....	9.4		
Average GS salary.....	\$7,754		

Analysis of Expenditures (in thousands of U.S. dollar equivalents)

	1960 actual	1961 estimate	1962 estimate
Obligations incurred during the year.....	100		
Expenditures.....	100		

COMMODITY CREDIT CORPORATION—Continued**Public enterprise funds—Continued****INFORMATIONAL FOREIGN CURRENCY SCHEDULE—Continued****Status of Unfounded Allocations (in thousands of U.S. dollar equivalents)**

	1960 actual	1961 estimate	1962 estimate
Allocations.....	100	-----	-----
Transfer into agency account.....	100	-----	-----

CORPORATIONS

The following corporations and agencies are hereby authorized to make such expenditures, within the limits of funds and borrowing authority available to each such corporation or agency and in accord with law, and to make such contracts and commitments without regard to fiscal year limitations as provided by section 104 of the Government Corporation Control Act, as amended, as may be necessary in carrying out the programs set forth in the budget for the fiscal year [1961] 1962 for such corporation or agency, except as hereinafter provided:

FEDERAL CROP INSURANCE CORPORATION**Current authorizations:****OPERATING AND ADMINISTRATIVE EXPENSES**

For operating and administrative expenses, [\$6,376,000] \$6,561,000. (7 U.S.C. 1501-1519; 31 U.S.C. 841, 846-852, 866-868c, 869; Department of Agriculture and Farm Credit Administration Appropriation Act, 1961.)

Program and Financing (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
1. Underwriting and actuarial analysis.....	870	1,008	1,080
2. Contract sales and servicing.....	4,785	4,866	4,777
3. Crop inspections and loss adjustments.....	687	687	704
Total program costs ¹	6,342	6,561	6,561
4. Relation of costs to obligations: Obligations incurred for costs of other years, net.....	34	-----	-----
Total obligations.....	6,377	6,561	6,561
Financing:			
New obligational authority.....	6,377	6,561	6,561
New obligational authority:			
Appropriation.....	6,377	6,376	6,561
Proposed supplemental due to pay increases.....	-----	185	-----

¹ Includes capital outlay as follows: 1960, \$32 thousand; 1961, \$59 thousand; 1962, \$59 thousand.

This appropriation finances a portion of the administrative and operating expenses of the Corporation. The budget for insurance operations and other costs financed from capital funds appears below.

During 1960, the Corporation acquired at no cost property declared excess by other agencies of the Department of Agriculture, with an estimated original cost to the Government of \$2.7 thousand. Such property was used primarily for upgrading of older equipment, for use by seasonal employees, and during periods other property was being repaired.

4. *Relation of costs to obligations.*—The year-end balances of unpaid undelivered orders are as follows: 1959, \$11 thousand; 1960, \$45 thousand; 1961, \$45 thousand; 1962, \$45 thousand.

Object Classification (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
11 Personnel compensation:			
Permanent positions.....	2,678	3,048	3,351
Positions other than permanent.....	836	1,221	1,003
Other personnel compensation.....	24	17	3
Total personnel compensation.....	3,538	4,286	4,357
12 Personnel benefits.....	213	281	296
21 Travel and transportation of persons.....	959	1,146	1,152
22 Transportation of things.....	17	20	20
23 Rent, communications, and utilities.....	339	373	373
24 Printing and reproduction.....	143	115	115
25 Other services.....	26	28	28
Services of other agencies.....	69	74	100
Agents' commissions.....	978	118	-----
26 Supplies and materials.....	58	60	60
31 Equipment.....	36	60	60
Total obligations.....	6,377	6,561	6,561

Personnel Summary

Total number of permanent positions.....	531	544	588
Full-time equivalent of other positions.....	206	279	233
Average number of all employees.....	689	786	801
Number of employees at end of year.....	733	919	925
Average GS grade.....	6.0	6.2	6.2
Average GS salary.....	\$5,412	\$5,890	\$5,889

Public enterprise funds:**FEDERAL CROP INSURANCE CORPORATION FUND**

Not to exceed [\$2,630,000] \$2,830,000 of administrative and operating expenses may be paid from premium income. (7 U.S.C. 1516(a); Department of Agriculture and Farm Credit Administration Appropriation Act, 1961.)

Program and Financing (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
Indemnities, by crop:			
Barley.....	567	362	682
Beans.....	103	78	158
Citrus.....	73	571	352
Combined crop.....	2,189	228	928
Corn.....	2,967	2,901	3,718
Cotton.....	573	759	1,408
Flax.....	741	214	440
Grain sorghum.....	1	1	6
Oats.....	80	53	106
Peaches.....	55	40	79
Rice.....	-----	8	25
Soybeans.....	265	384	880
Tobacco.....	641	470	2,112
Wheat.....	5,876	1,833	11,106
Total indemnities.....	14,131	7,902	22,000
Inspection and adjustment costs.....	710	900	900
Administrative expenses.....	568	2,630	2,830
Other expenses, net.....	119	258	330
Total program costs—obligations.....	15,528	11,690	26,060

Program and Financing (in thousands of dollars)—Continued

	1960 actual	1961 estimate	1962 estimate
Financing:			
Amounts becoming available:			
Insurance premiums, by crop:			
Barley.....	527	514	775
Beans.....	113	136	180
Citrus.....	313	289	400
Combined crop.....	1,289	862	1,055
Corn.....	3,418	3,551	4,225
Cotton.....	1,289	1,201	1,600
Flax.....	451	450	500
Grain sorghum.....	5	3	7
Oats.....	81	82	120
Peaches.....	48	52	90
Rice.....		15	29
Soybeans.....	603	667	1,000
Tobacco.....	1,700	2,037	2,400
Wheat.....	8,637	7,943	12,619
Total premiums.....	18,474	17,802	25,000
Interest and other receipts.....	71	100	100
Total amounts becoming available.....	18,545	17,902	25,100
Unobligated balance brought forward.....	38,710	41,727	47,939
Total amounts available.....	57,255	59,629	73,039
Unobligated balance carried forward.....	-41,727	-47,939	-46,979
Financing applied to program.....	15,528	11,690	26,060

Purpose and financial organization.—The Federal Crop Insurance Corporation, a wholly owned Government Corporation, was created on February 16, 1938 (7 U.S.C. 1501-1519), to carry out the provisions of the Federal Crop Insurance Act. The purpose of this act is to promote the national welfare by improving the economic stability of agriculture through a sound system of crop insurance and providing the means for the research and experience helpful in devising and establishing such insurance. The Corporation provides all-risk insurance protection to farmers against loss from unavoidable causes. Since 1948, the crop insurance program has been conducted on a limited basis in selected counties and on selected crops to obtain adequate actuarial data for the gradual expansion of the program to a national basis.

Capital stock of \$100 million is authorized to be subscribed by the United States. As of June 30, 1960, the Secretary of the Treasury held receipts for \$40 million of the authorized stock, leaving \$60 million unissued.

Funds from the issuance of capital stock provide working capital for the Corporation. Receipts which are for deposit to this fund come mainly from premiums for insurance protection afforded farmers on their investment in the production of insured crops. The principal payments from this fund are for indemnities to insured farmers who suffer crop losses arising from causes against which crop insurance provides protection, the direct cost of adjusting losses, and part of the administrative and operating expenses. The annual appropriation for the major portion of the administrative and operating expenses of the Corporation is presented earlier in the budget.

Budget program.—The Corporation plans to continue its policy of gradually expanding the program to additional crops and counties. For the 1961 crop year (fiscal year 1962) the crop insurance program will be increased by 25 counties. The following table indicates the scope of the insurance program planned for 1960, 1961, and 1962. Amounts in the 1960 column are actual and pertain to the 1959 crop year. The 1961 column pertains to

the 1960 crop year and reflects the current favorable growing conditions for the 1960 insured crops. Indemnities shown in the 1962 column are estimated at 90% of the premium.

	1960 fiscal year (1959 crop year) actual	1961 fiscal year (1960 crop year) estimate	1962 fiscal year (1961 crop year) estimate
Number of States.....	38	38	38
Number of counties.....	847	870	895
Estimated insurance outstanding, beginning of fiscal year (in thousands).....	\$269,378	\$263,000	\$365,000
Number of crops insured.....	339,463	330,525	390,000
Premiums (in thousands).....	\$18,474	\$17,802	\$25,000
Indemnities (in thousands).....	\$14,131	\$7,902	\$22,000
Loss ratio.....	.76	.44	.90

Financing.—Income from operations for the past 3 years will provide adequate operating funds for 1962. Therefore, no additional capital funds are being requested for program operations. The authority to pay an increased amount of operating and administrative expenses from premium income, proposed for 1962, is required to cover the cost of servicing the additional crops insured and new counties budgeted for the 1962 crop year. Legislation will be proposed to permit the inclusion, on a gradual basis, of administrative expenses in the determination of premium rates.

Operating results and financial condition.—Preliminary estimates for crop year 1960 (fiscal year 1961) indicate a favorable loss ratio for the fourth consecutive year. Premiums of \$17.8 million are currently estimated to exceed indemnities by \$9.9 million. For the crop years 1948 through 1959, premium income of \$226.6 million exceeded indemnity costs of \$220.2 million by \$6.4 million. Premium income exceeded indemnity costs in 6 years of the 12-year period. As of June 30, 1960, the Corporation's surplus was \$1.7 million. The favorable loss experience which occurred the past 3 years is responsible for the elimination of the deficit which previously existed.

The following table summarizes the insurance operations by commodities for 1960, 1961, and 1962 (in thousands of dollars).

NET INCOME OR LOSS (—) ON INSURANCE OPERATIONS,
BY COMMODITIES

[Fiscal years ending June 30, 1960, 1961, and 1962]

	1960 actual (1959 crop year)	1961 estimate (1960 crop year)	1962 estimate (1961 crop year)
Barley.....	-39.8	152.0	93.0
Beans.....	10.6	58.0	22.0
Citrus.....	239.9	-282.0	48.0
Combined crop.....	-900.4	634.0	127.0
Corn.....	450.5	650.0	507.0
Cotton.....	716.4	442.0	192.0
Flax.....	-290.0	236.0	60.0
Grain sorghum.....	3.3	2.0	1.0
Oats.....	1.1	29.0	14.0
Peaches.....	-6.1	12.0	11.0
Rice.....		7.0	4.0
Soybeans.....	337.9	283.0	120.0
Tobacco.....	1,058.8	1,567.0	288.0
Wheat.....	2,760.7	6,110.0	1,513.0
Excess of premiums over indemnities.....	4,342.9	9,900.0	3,000.0
Inspection and adjustment costs (—).....	-710.1	-900.0	-900.0
Administrative expenses charged to premium income (—).....	-568.1	-2,630.0	-2,830.0
Other income or expense, net (—).....	-48.1	-158.0	-230.0
Net income or loss (—).....	3,016.6	6,212.0	-960.0

FEDERAL CROP INSURANCE CORPORATION— Continued

Public enterprise funds—Continued

FEDERAL CROP INSURANCE CORPORATION FUND—Continued SUMMARY OF INSURANCE OPERATIONS AND ADMINISTRATIVE EXPENSES

	1960 actual (1959 crop year)	1961 estimate (1960 crop year)	1962 estimate (1961 crop year)
Net income or loss (—)	3,016.6	6,212.0	—960.0
Funds appropriated for administrative expenses	6,376.7	6,561.0	6,561.0
Total net loss (—)	—3,360.1	—349.0	—7,521.0

Sources and Application of Funds (Operations) (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Gross expenditures (funds applied):			
Indemnities	14,131	7,902	22,000
Inspection and adjustment costs	710	900	900
Administrative expense charged to program operations	568	2,630	2,830
Other expense, net	108	100	100
Increase in selected working capital	666		
Total gross expenditures	16,182	11,532	25,830
Receipts from operations (funds provided):			
Insurance premiums	18,474	17,802	25,000
Interest and other income, net	71	100	100
Decrease in selected working capital		358	750
Total receipts from operations	18,545	18,260	25,850
Budget expenditures	—2,363	—6,728	—20

Revenue, Expense, and Retained Earnings (in thousands of dollars)

Revenue	18,545	17,902	25,100
Expense	15,528	11,690	26,060
Net income or loss (—) for year	3,017	6,212	—960
Retained earnings or deficit (—), beginning of year	—1,290	1,727	7,939
Retained earnings, end of year	1,727	7,939	6,979

Financial Condition (in thousands of dollars)

Assets:			
Cash with Treasury	43,548	50,276	50,296
Accounts receivable, net	4,512	4,446	4,466
Total assets	48,059	54,722	54,762
Liabilities:			
Current	6,332	6,783	7,783
Government investment:			
Non-interest-bearing capital (start and end of year)	40,000	40,000	40,000
Retained earnings	1,727	7,939	6,979
Total Government investment	41,727	47,939	46,979

Note.—Excludes contingent liabilities representing estimated insurance coverage on 1960, 1961, and 1962 crops in the following amounts: 1960, \$263 million; 1961, \$365 million; and 1962, \$380 million.

Status of Certain Fund Balances (in thousands of dollars)

	1959 actual	1960 actual	1961 estimate	1962 estimate
Unexpended balance: Cash with Treasury	41,185	43,548	50,276	50,296
Obligated balance, net:				
Current liabilities	6,874	6,332	6,783	7,783
Accounts receivable, net (—)	—4,400	—4,512	—4,446	—4,466
Total obligated balance	2,474	1,820	2,337	3,317
Unobligated balance	38,710	41,727	47,939	46,979

Object Classification (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
11 Personnel compensation: Positions other than permanent	420	543	618
12 Personnel benefits	11	16	18
21 Travel and transportation of persons	278	340	392
23 Rent, communications, and utilities	1	1	1
25 Other services: Agents' commissions	568	2,630	2,701
42 Insurance claims and indemnities	14,131	7,902	22,000
Undistributed	119	258	330
Total obligations	15,528	11,690	26,060

Personnel Summary

Average number of all employees	101	122	139
Number of employees at end of year	366	375	375

Intragovernmental funds:

ADVANCES AND REIMBURSEMENTS

Program and Financing (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
Contract sales and servicing (total costs—obligations)	1	2	
Financing:			
Advances and reimbursements from—			
Other accounts		1	
Non-Federal sources (40 U.S.C. 481 (c))	1	1	
Total financing	1	2	

Object Classification (in thousands of dollars)

26 Supplies and materials		1	
31 Equipment	1	1	
Total obligations	1	2	

RURAL ELECTRIFICATION ADMINISTRATION

Current authorizations:

To carry into effect the provisions of the Rural Electrification Act of 1936, as amended (7 U.S.C. 901-924), as follows:

LOAN AUTHORIZATIONS

For loans in accordance with said Act, and for carrying out the provisions of section 7 thereof, to be borrowed from the Secretary of the Treasury in accordance with the provisions of section 3(a) of said Act, as follows: Rural electrification program, **[\$110,000,000]** **\$115,000,000**; and rural telephone program, **[\$80,000,000]** **\$100,000,000**; and an additional **amounts amount** not to exceed **[\$60,000,000 for each program]** **\$30,000,000**, may be borrowed under the same terms and conditions to the extent that such amount is required during the fiscal year **[1961]** **1962** under the then existing conditions for the expeditious and orderly development of the rural electrification **[program and rural telephone]** program. (*Department of Agriculture and Farm Credit Administration Appropriation Act, 1961.*)

Program and Financing (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
1. Rural electrification.....	222,621	208,000	220,000
2. Rural telephone.....	98,384	110,000	110,000
Total program costs.....	321,005	318,000	330,000
3. Relation of costs to obligations:			
Costs financed from obligations of other years, net (—).....			—84,000
Obligations incurred for costs of other years, net.....	4,103	13,000	
Total obligations (object class 33).....	325,108	331,000	246,000
Financing:			
Unobligated balance brought forward (authorization to expend from public debt receipts).....	—210,613	—135,629	—27,629
Recovery of prior obligations.....	—10,124	—3,000	—3,500
Unobligated balance carried forward (authorization to expend from public debt receipts).....	135,629	27,629	129
Unobligated balance lapsing (authorization to expend from public debt receipts).....	25,000	90,000	30,000
New obligatory authority (authorization to expend from public debt receipts).....	265,000	310,000	245,000

The Administration conducts two major programs: (a) the rural electrification program to provide electric service to farms and other rural establishments; and (b) the rural telephone program to furnish and improve telephone service in rural areas. Funds for making loans are borrowed from the Secretary of the Treasury.

1. *Rural electrification.*—This program is financed through loans which bear 2% interest and must be repaid within a period not to exceed 35 years. Loans are also made for shorter periods at 2% interest to electrification borrowers to be relented to their consumers for wiring and for the installation of electrical and plumbing appliances and equipment.

When the rural electrification program was initiated in 1935, less than 11% of all farms had electric service. On June 30, 1960, about 97% of the farms were electrified. The major need for loan funds continues to be for system improvements and the generation of power to satisfy the steadily increasing requirements of consumers.

STATUS OF THE ELECTRIFICATION PROGRAM

Program Financing

[In thousands of dollars]

	1960 actual	1961 estimate	1962 estimate
Loan funds available:			
New loan authorization (including reserves).....	161,000	170,000	145,000
Carryover from prior year.....	210,590	135,603	27,603
Rescissions of prior loans.....	9,121	2,000	2,500
Total loan funds available.....	380,711	307,603	175,103
Less—			
Loans approved.....	220,108	220,000	145,000
Reserves not used.....	25,000	60,000	30,000
Balance to next year.....	135,603	27,603	103

Program Statistics

[Dollars in thousands]

Cumulative net loans.....	\$4,153,326	\$4,371,326	\$4,513,826
Cumulative funds advanced.....	\$3,580,884	\$3,788,884	\$4,008,884
Unadvanced funds, end of year.....	\$572,442	\$582,442	\$504,942
Cumulative principal repaid.....	\$874,686	\$979,686	\$1,094,686
Cumulative interest paid.....	\$422,019	\$476,274	\$537,164
Cumulative miles energized (thousands).....	1,454	1,471	1,488
Cumulative consumers served (thousands).....	4,767	4,877	4,987
Number of borrowers.....	1,087	1,088	1,088

2. *Rural telephone.*—Loans are made for the purpose of financing the improvement, expansion, construction, acquisition, and operation of the telephone lines and facilities or systems to furnish and improve telephone service in rural areas. The loans bear 2% interest and must be repaid within a period not to exceed 35 years.

In 1950, when the telephone program started, the Census of Agriculture showed 38.2% of all farms with telephone service, fewer in both number and percentage than in 1920. Approximately 70% of the farms now have telephone service. Cumulative Rural Electrification Administration loans through June 30, 1960, will eventually provide initial or improved service to an estimated 1,372 thousand rural subscribers.

STATUS OF THE TELEPHONE PROGRAM

Program Financing

[In thousands of dollars]

	1960 actual	1961 estimate	1962 estimate
Loan funds available:			
New loan authorization (including reserves for 1960 and 1961).....	104,000	140,000	100,000
Carryover from prior year.....	23	26	26
Rescissions of prior loans.....	1,003	1,000	1,000
Total loan funds available.....	105,026	141,026	101,026
Less—			
Loans approved.....	105,000	111,000	101,000
Balance of 1961 reserve not used.....		30,000	
Balance to next year.....	26	26	26

Program Statistics

[Dollars in thousands]

Cumulative net loans.....	\$679,210	\$789,210	\$889,210
Cumulative funds advanced.....	\$501,262	\$611,262	\$721,262
Unadvanced funds, end of year.....	\$177,948	\$177,948	\$167,948
Cumulative principal repaid.....	\$20,950	\$29,950	\$39,950
Cumulative interest paid.....	\$15,336	\$24,586	\$36,721
Route miles of line constructed or improved, cumulative (thousands).....	219	259	297
Subscribers, new and improved service, cumulative (estimated) (thousands).....	915	1,100	1,275
Number of borrowers.....	705	755	795

RURAL ELECTRIFICATION ADMINISTRATION— Continued

Current authorizations—Continued

LOAN AUTHORIZATIONS—Continued

3. *Relation of costs to obligations.*—The relationship is derived from year-end balances of selected resources and applicable adjustment as reflected in the following table (in thousands of dollars):

	1959 actual	1960 actual	1961 estimate	1962 estimate
Selected resources at end of year:				
Undisbursed loan obligations.....	756,411	750,390	760,390	672,890
Selected resources at start of year (—).....	—756,411	—750,390	—760,390	—760,390
Adjustment due to recovery of prior obligations.....		10,124	3,000	3,500
Costs financed from obligations of other years, net (—).....				—84,000
Obligations incurred for costs of other years, net.....		4,103	13,000	

Revenue, Expense, and Retained Earnings (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
For the fiscal year:			
Lending operations:			
Interest income.....	61,726	65,770	70,100
Expense:			
Interest expense (statutory rates) ¹	60,356	64,150	68,500
Provision for possible losses on loans.....			
Total expense.....	60,356	64,150	68,500
Net difference ¹	1,370	1,620	1,600
Administrative expenses (provided by annual appropriations): Salaries and expenses.....	9,501	10,024	10,024
Cumulative to end of fiscal year:			
Lending operations:			
Interest income.....	590,134	655,904	726,004
Expense:			
Interest expense (statutory rates) ¹	530,160	594,310	662,810
Provision for possible losses on loans.....	9,090	9,090	9,090
Losses on foreclosed loans.....	44	44	44
Total expense.....	539,294	603,444	671,944
Net difference ¹	50,840	52,460	54,060
Administrative expenses (provided by annual appropriations): Salaries and expenses.....	134,835	144,859	154,883

¹ Does not take into consideration the interest costs incurred by Treasury in excess of the amount received from the Rural Electrification Administration for funds made available to finance the Rural Electrification Administration lending programs.

Financial Condition (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Assets:			
Loans and interest receivable, net.....	3,330,154	3,536,500	3,738,550
Cash with Treasury.....	18,319	3,370	3,370
Cash on hand.....	437	450	450
Travel advances and current receivables.....	99	100	100
Total assets.....	3,349,010	3,540,420	3,742,470
Liabilities:			
Current.....	615	635	635
Trust and deposit.....	267	300	300
Total liabilities.....	882	935	935
Government investment:			
Borrowings from Treasury.....	3,154,651	3,344,387	3,544,837
Appropriated administrative funds, net.....	134,853	144,877	154,901

Financial Condition (in thousands of dollars)—Continued

	1960 actual	1961 estimate	1962 estimate
Government investment—Continued			
Appropriated loan funds, net.....	142,620	142,620	142,620
Net difference between income and expense.....	50,840	52,460	54,060
Administrative expenses (—).....	—134,835	—144,859	—154,883
Total Government investment.....	3,348,128	3,539,485	3,741,535

Note.—Undisbursed loan commitments outstanding are as follows: 1959, \$756,411 thousand; 1960, \$750,390 thousand; 1961, \$760,390 thousand; 1962, \$672,890 thousand.

SALARIES AND EXPENSES

For administrative expenses, including not to exceed \$500 for financial and credit reports, and not to exceed \$150,000 for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (5 U.S.C. 574), as amended by section 15 of the Act of August 2, 1946 (5 U.S.C. 55a), [\$9,632,000] \$10,024,000. (5 U.S.C. 511–512; 7 U.S.C. 901–924; Department of Agriculture and Farm Credit Administration Appropriation Act, 1961.)

Program and Financing (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
1. Administration of rural electrification program.....	4,714	4,945	4,945
2. Administration of rural telephone program.....	4,788	5,079	5,079
Total program costs ¹	9,502	10,024	10,024
3. Relation of costs to obligations: Obligations incurred for costs of other years, net.....	4		
Total obligations.....	9,507	10,024	10,024
Financing:			
Unobligated balance lapsing.....	125		
New obligational authority.....	9,632	10,024	10,024
New obligational authority:			
Appropriation.....	9,632	9,632	10,024
Proposed supplemental due to pay increases.....		392	

¹ Includes capital outlay as follows: 1960, \$44 thousand; 1961, \$66 thousand; 1962, \$60 thousand.

The Administration makes loans for the extension and improvement of electric and telephone services in rural areas. Business management and technical help is furnished borrowers where needed to protect the Government's loan security and to assure that construction and operation of their systems conform to approved standards and are adequate to provide continuous and reliable service.

3. *Relation of costs to obligations.*—The year-end balances of unpaid undelivered orders are as follows: 1959, \$14 thousand; 1960, \$18 thousand; 1961, \$18 thousand; 1962, \$18 thousand.

Object Classification (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
11 Personnel compensation:			
Permanent positions.....	7,391	7,860	7,860
Positions other than permanent.....	38	48	48
Other personnel compensation.....	62	37	37
Total personnel compensation.....	7,491	7,945	7,945

Object Classification (in thousands of dollars)—Continued

	1960 actual	1961 estimate	1962 estimate
12 Personnel benefits.....	517	602	602
21 Travel and transportation of persons.....	1,029	1,053	1,053
22 Transportation of things.....	14	20	20
23 Rent, communications, and utilities.....	136	137	137
24 Printing and reproduction.....	114	105	105
25 Other services.....	23	20	20
Services of other agencies.....	88	41	41
26 Supplies and materials.....	40	41	41
31 Equipment.....	53	60	60
Total obligations.....	9,507	10,024	10,024

Personnel Summary

Total number of permanent positions.....	1,041	1,039	1,039
Full-time equivalent of other positions.....	3	4	4
Average number of all employees.....	989	964	964
Number of employees at end of year.....	969	953	960
Average GS grade.....	9.3	9.3	9.3
Average GS salary.....	\$7,459	\$8,060	\$8,104

Intragovernmental funds:

ADVANCES AND REIMBURSEMENTS

Program and Financing (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
1. Administration of rural electrification program.....	5	2	-----
2. Administration of rural telephone program.....	5	2	-----
Total program costs—obligations.....	10	4	-----
Financing:			
Advances and reimbursements from—			
Other accounts.....	6	4	-----
Non-Federal sources (40 U.S.C. 481(c)).....	4	-----	-----
Total financing.....	10	4	-----

Object Classification (in thousands of dollars)

11 Personnel compensation: Permanent positions.....	5	4	-----
21 Travel and transportation of persons.....	2	-----	-----
31 Equipment.....	4	-----	-----
Total obligations.....	10	4	-----

Personnel Summary

Average number of all employees.....	1	1	-----
Number of employees at end of year.....	0	0	-----
Average GS grade.....	11.3	4.4	-----
Average GS salary.....	\$7,410	\$4,400	-----

FARMERS HOME ADMINISTRATION

Current authorizations:

To carry into effect the provisions of titles I, II, and the related provisions of title IV of the Bankhead-Jones Farm Tenant Act, as amended (7 U.S.C. 1000-1031); the Farmers Home Administration Act of 1946 (7 U.S.C. 1001, note; 31 U.S.C. 82h; 12 U.S.C. 371; 35 D.C. Code 535; 60 Stat. 1062-1080); the Act of July 30, 1946 (40 U.S.C. 436-439); the Act of August 28, 1937, as amended (16

U.S.C. 590r-590x-3), for the development of facilities for water storage and utilization in the arid and semiarid areas of the United States; the provisions of title V of the Housing Act of 1949, as amended (42 U.S.C. 1471-1483), relating to financial assistance for farm housing; the Rural Rehabilitation Corporation Trust Liquidation Act, approved May 3, 1950 (40 U.S.C. 440-444); the items "Loans to farmers, 1948 flood damage" in the Act of June 25, 1948 (62 Stat. 1038), and "Loans to farmers, property damage" in the Act of May 24, 1949 (63 Stat. 82); the collecting and servicing of credit sales and development accounts in water conservation and utilization projects (53 Stat. 685, 719), as amended and supplemented (16 U.S.C. 590y, z-1 and z-10); and the Act to direct the Secretary of Agriculture to convey certain mineral interests, approved September 6, 1950 (7 U.S.C. 1033-1039), as follows:

LOAN AUTHORIZATIONS

For loans (including payments in lieu of taxes and taxes under section 50 of the Bankhead-Jones Farm Tenant Act, as amended, and advances incident to the acquisition and preservation of security of obligations under the foregoing several authorities, except that such advances under title V of the Housing Act of 1949, as amended, shall be made from funds obtained under section 511 of that Act, as amended): Title I and section 43 of title IV of the Bankhead-Jones Farm Tenant Act, as amended, [\$26,900,000] \$20,000,000, of which not to exceed \$2,500,000 may be distributed to States and territories without regard to farm population and prevalence of tenancy, in addition to the amount otherwise distributed thereto, for loans in reclamation projects and to entrymen on unpatented public lands; title II of the Bankhead-Jones Farm Tenant Act, as amended, [\$197,100,000] \$160,000,000; the Act of August 28, 1937, as amended, \$3,000,000: *Provided*, That not to exceed the foregoing several amounts shall be borrowed in one account from the Secretary of the Treasury in accordance with the provisions set forth under this head in the Department of Agriculture Appropriation Act, 1952 [: *Provided further*, That an additional amount, not to exceed \$40,000,000, may be borrowed under the same terms and conditions to the extent that such amount is required during fiscal year 1961 under the then existing conditions for the expeditious and orderly conduct of the loan programs under the Bankhead-Jones Farm Tenant Act, as amended, not to exceed \$5,000,000 of which shall be available for loans under title I and section 43 of title IV of such Act, as amended]. (*Department of Agriculture and Farm Credit Administration Appropriation Act, 1961.*)

Program and Financing (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
1. Farm ownership loans.....	27,428	30,747	21,680
2. Farm operating loans.....	198,710	196,650	160,350
3. Soil and water conservation loans.....	3,000	3,493	3,080
4. Farm housing loans.....	43,250	39,947	1,900
Total program costs.....	272,388	270,837	187,010
5. Relation of costs to obligations:			
Costs financed from obligations of other years, net (—).....	—5,669	-----	—4,010
Obligations incurred for costs of other years, net.....	-----	1,163	-----
Total obligations (object class 33).....	266,719	272,000	183,000
Financing:			
Unobligated balance brought forward (authorization to expend from public debt receipts).....	—337,462	—297,462	-----
Recovery of prior year obligations.....	—1,017	-----	-----
Unobligated balance carried forward (authorization to expend from public debt receipts).....	297,462	-----	-----
Unobligated balance lapsing.....	298	292,462	-----
New obligational authority (authorization to expend from public debt receipts).....	226,000	267,000	183,000

The Administration makes and insures loans to farmers unable to obtain credit from other sources at reasonable rates. The total borrowing authorization requested in 1962 for loans amounts to \$183 million and compares to the 1961 authorization of \$227 million plus a contingency

FARMERS HOME ADMINISTRATION—Continued

Current authorizations—Continued

LOAN AUTHORIZATIONS—Continued

authorization of \$40 million of which not to exceed \$5 million may be made available for farm ownership loans.

The present authority to make loans to farmers and ranchers is the cumulative result of the enactment of many separate laws over a long period of years. Legislation is being proposed to simplify, consolidate, and improve the authority of the Secretary to make loans, and to provide for a revolving fund basis of operation.

In addition to the direct loans, farm ownership and soil and water conservation loans advanced by private lenders will be insured within the annual statutory insurance authority of \$125 million for farm ownership and \$25 million for soil and water conservation loans. Contingent liabilities for these insured loans are reflected in the farm tenant-mortgage insurance fund schedules.

1. *Farm ownership loans.*—Direct farm ownership loans are made to tenants, sharecroppers, farm laborers, owners of inadequate farms, and eligible veterans for the purchase or improvement of family-type or less-than-family-type farms. Until June 30, 1961, loans may be made to farm owners primarily for the refinancing of secured or unsecured indebtedness. These loans may be made up to the fair value of the farm (normal market value on less-than-family-type farms to owner-operators with off-farm income) at not to exceed 5% interest up to 40 years. Farm ownership and farm housing loans made with funds advanced by private lenders are insured by the Government up to 90% of the value of the farm for 40 years at not more than 4% interest, plus 0.5% as an insurance premium, and at least 0.5% as an administrative expense charge. The Administration services these insured loans, makes collections, and pays the lender.

FARM OWNERSHIP LOANS

[Dollars in thousands]

	1960 actual		1961 estimate		1962 estimate	
	Number	Amount	Number	Amount	Number	Amount
Number of applications..	16,717	-----	17,495	-----	16,945	-----
Direct loans.....	1,762	26,887	2,145	31,900	1,240	20,000
Insured loans.....	1,204	16,885	1,490	20,000	1,620	25,000

2. *Farm operating loans.*—Direct loans are made for periods up to 7 years at 5% interest in amounts up to \$10 thousand, with a limitation of \$20 thousand on the total principal indebtedness, to provide reasonable farm and home credit for the purchase of livestock, feed, seed, farm equipment, and other farm necessities, including the refinancing of indebtedness to operators of not larger than family-type farms. In justifiable cases, loans may be made beyond 7 years but not beyond 10 years.

FARM OPERATING LOANS

[Dollars in thousands]

	1960 actual	1961 estimate	1962 estimate
Number of applications.....	106,125	106,300	101,350
Number of loans.....	69,416	61,380	51,230
Amount.....	\$197,100	\$197,100	\$160,000

3. *Soil and water conservation loans.*—Direct and insured loans are made to farmers and associations for the effective development and utilization of water supplies and for the improvement of farmland by soil and water conserving facilities and practices. Interest rates on these loans usually are set administratively at the same rates as farm

ownership loans (5%) except that currently direct loans to associations are carrying a rate of one-half of one percent below loans to individuals. On each insured loan, 0.5% as an insurance premium and at least 0.5% as an administrative expense charge is retained by the Government. Loans are made for periods up to 20 years for individuals and 40 years for associations.

SOIL AND WATER CONSERVATION LOANS

[Dollars in thousands]

	1960 actual		1961 estimate		1962 estimate	
	Number	Amount	Number	Amount	Number	Amount
Number of applications.....	1,685	-----	1,875	-----	1,875	-----
Direct loans:						
To individuals..	306	\$1,193	285	\$1,400	285	\$1,400
To groups.....	21	804	22	1,600	22	1,600
Insured loans:						
To individuals..	210	873	275	1,100	275	1,100
To groups.....	4	51	8	400	8	400

4. *Farm housing loans.*—Direct farm housing loans are made to farmowners for periods up to 33 years at 4% interest to construct, improve, alter, repair, or replace dwellings and other farm buildings. It is estimated that \$40 million will be borrowed from the Treasury in 1961 from the balance of \$292 million available at June 30, 1960. The current authority expires June 30, 1961. Loans similar to the farm housing loans will be authorized under the proposed general loan legislation referred to above.

FARM HOUSING LOANS

1960 actual 1961 estimate 1962 estimate

Number of applications.....	11,641	14,600	-----
Number of loans.....	5,348	5,255	-----
Amount of loans (in thousands).....	\$40,736	\$40,000	-----

COLLECTIONS OF PRINCIPAL AND INTEREST

[In thousands of dollars]

	1960 actual	1961 estimate	1962 estimate
Direct farm ownership loans.....	27,411	30,465	31,300
Farm operating loans.....	186,231	199,762	212,587
Direct soil and water conservation loans..	4,172	3,800	3,665
Farm housing loans.....	18,533	23,340	26,720
Total.....	236,347	257,367	274,272

5. *Relation of costs to obligations.*—The relationship of program costs to loan obligations is derived from year-end balances of selected resources and applicable adjustment as reflected in the following table (in thousands of dollars).

	1959 actual	1960 actual	1961 estimate	1962 estimate
Selected resources at end of year: Undisbursed loan obligations.....	10,660	3,973	5,136	1,126
Selected resources at start of year (—).....	-----	—10,660	—3,973	—5,136
Adjustment of selected resources reported at start of year.....	-----	1,018	-----	-----
Costs financed from obligations of other years, net (—).....	-----	—5,669	-----	—4,010
Obligations incurred for costs of other years, net....	-----	-----	1,163	-----

Revenue, Expense, and Retained Earnings (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
For the fiscal year:			
Lending operations:			
Income:			
Interest on loans.....	37,502	40,528	42,056
Other income.....	32	29	29
Total income.....	37,534	40,557	42,085

Revenue, Expense, and Retained Earnings (in thousands of dollars)—Continued

	1960 actual	1961 estimate	1962 estimate
For the fiscal year—Continued			
Lending operations—Continued			
Expense:			
Interest on borrowings.....	8,763	9,980	9,530
Losses and write-offs.....	11,438	10,552	8,909
Other expense.....	1		
Increase or decrease (—) in allowance for losses:			
Loans.....	—4,650	2,315	450
Interest and other.....	—1,397	—2,173	—1,333
Total expense.....	14,155	20,674	17,556
Net income from lending opera- tions ¹	23,379	19,883	24,529
Administrative expense (provided by annual appropriations).....	30,780	33,102	33,422
Cumulative to end of fiscal year:			
Lending operations: Income:			
Net results of prior year operations ¹	166,746	190,125	210,008
Net income for year ¹	23,379	19,883	24,529
Total lending operations ¹	190,125	210,008	234,537
Administrative expenses (provided by annual appropriations):			
Prior year expense.....	350,665	381,445	414,547
For the year.....	30,780	33,102	33,422
Total administrative expenses.....	381,445	414,547	447,969

¹ Does not take into consideration the interest costs incurred by Treasury on loan funds appropriated to Farmers Home Administration.

Financial Condition (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Assets:			
Cash.....	16,300	16,760	13,556
Interest on loans and accounts receivable, net.....	24,746	26,578	28,723
Other current assets.....	256	256	256
Total current assets.....	41,302	43,594	42,535
Loans receivable.....	892,409	940,857	888,607
Allowance for losses on loans receivable (—).....	—78,817	—81,132	—81,582
Fixed property and equipment, net.....	2,435	2,435	2,435
Judgments and acquired security, net.....	1,087	1,185	1,159
Total assets.....	858,416	906,939	853,154
Liabilities:			
Current.....	2,947	2,971	3,080
Government investment:			
Borrowings from Treasury.....	333,190	358,240	276,815
Appropriations.....	527,333	564,322	601,139
Assets taken over from prior agencies, net.....	438,180	438,180	438,180
Results from lending operations, net.....	190,125	210,008	234,537
Administrative expenses (—).....	—381,445	—414,547	—447,969
Depreciation on automotive equipment (—).....	—12	—12	—12
Deposit of general and special fund revenue (—).....	—251,902	—252,223	—252,616
Total Government investment.....	855,469	903,968	850,074

Note.—Undisbursed loan commitments outstanding are as follows: 1959, \$11,027 thousand; 1960, \$4,379 thousand; 1961, \$5,639 thousand; 1962, \$2,326 thousand.

SALARIES AND EXPENSES

For making, servicing, and collecting loans and insured mortgages, the servicing and collecting of loans made under prior authority, the liquidation of assets transferred to Farmers Home Administration, and other administrative expenses, **[\$31,050,000]**

\$33,317,000, together with a transfer of not to exceed \$1,050,000 of the fees and administrative expense charges made available by subsections (d) and (e) of section 12 of the Bankhead-Jones Farm Tenant Act, as amended (7 U.S.C. 1005(b)), and section 10(c) of the Act of August 28, 1937, as amended. (7 U.S.C. 1040; Department of Agriculture and Farm Credit Administration Appropriation Act, 1961.)

Program and Financing (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
1. Administration of direct and insured loan programs (total program costs ¹).....	31,693	34,067	34,367
2. Relation of costs to obligations: Costs financed from obligations of other years, net (—).....	—93		
Total obligations.....	31,600	34,067	34,367
Financing:			
Advanced from the "Farm tenant-mortgage insurance fund".....	—925	—1,050	—1,050
Unobligated balance lapsing.....	70		
New obligational authority.....	30,745	33,017	33,317
New obligational authority:			
Appropriation.....	30,745	31,050	33,317
Proposed supplemental due to pay increases.....		1,967	

¹ Includes capital outlay as follows: 1960, \$74 thousand; 1961, \$70 thousand; 1962, \$70 thousand.

1. These moneys are used to administer the loan programs of the Farmers Home Administration including reviewing applications, making and collecting loans, and providing technical assistance and guidance to borrowers.

During 1960, the value of property, acquired at no cost to the Farmers Home Administration, which had been declared excess by other Federal agencies, had an original acquisition cost to the Government of approximately \$4.1 thousand. Such property consisted primarily of office furnishings and was used for the upgrading of older equipment.

2. *Relation of costs to obligations.*—The relationship is derived from year-end balances of selected resources and applicable adjustment as reflected in the following table (in thousands of dollars):

	1959 actual	1960 actual	1961 estimate	1962 estimate
Selected resources at end of year: Inventories and items on order:				
Stores.....	176	158	158	158
Unpaid undelivered orders (appropriation balances obligated for goods and services on order not yet received).....	124	18	18	18
Total selected resources at end of year.....	300	176	176	176
Selected resources at start of year (—).....		—300	—176	—176
Adjustment of selected resources reported at start of year.....		31		
Costs financed from obligations of other years, net (—).....		—93		

Object Classification (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
11 Personnel compensation:			
Permanent positions.....	24,557	26,438	26,744
Positions other than permanent.....	551	581	590
Other personnel compensation.....	271	188	89
Total personnel compensation.....	25,379	27,207	27,423

FARMERS HOME ADMINISTRATION—Continued

Current authorizations—Continued

SALARIES AND EXPENSES—Continued

Object Classification (in thousands of dollars)—Continued

	1960 actual	1961 estimate	1962 estimate
12 Personnel benefits.....	1,694	2,066	2,092
21 Travel and transportation of persons.....	2,684	2,840	2,860
22 Transportation of things.....	98	76	76
23 Rent, communications, and utilities.....	1,413	1,443	1,465
24 Printing and reproduction.....	89	99	100
25 Other services.....	147	163	178
26 Supplies and materials.....	70	102	102
31 Equipment.....	26	71	71
Total obligations.....	31,600	34,067	34,367

Personnel Summary

Total number of permanent positions.....	4,755	4,447	4,474
Full-time equivalent of other positions.....	374	386	388
Average number of all employees.....	4,804	4,723	4,765
Number of employees at end of year.....	8,923	8,780	8,790
Average GS grade.....	6.2	6.8	6.7
Average GS salary.....	\$5,498	\$6,063	\$6,082

ALLOTMENTS AND ALLOCATIONS RECEIVED FROM OTHER ACCOUNTS

Note.—Obligations incurred under allotments and allocations from other accounts are included in the schedules of the parent appropriations as follows:

"Mutual security—economic," funds appropriated to the President.

"Watershed protection," Soil Conservation Service.

"Flood prevention," Soil Conservation Service.

Public enterprise funds:

DISASTER LOANS, ETC., REVOLVING FUND

Program and Financing (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
Capital outlay:			
1. Loan commitments:			
(a) Production emergency loans.....	20,377	19,950	19,950
(b) Economic emergency loans.....	844	600	400
(c) Special livestock loans.....	1,675	900	50
(d) Other loans.....	51	50	50
2. Judgments and collateral acquired.....	40	42	55
Total capital outlay.....	22,986	21,542	20,505
Operations:			
3. Administrative expenses.....	2,087	2,697	2,697
4. Other expenses.....	1,539	370	397
Total operations.....	3,626	3,067	3,094
Total obligations.....	26,612	24,609	23,599
Financing:			
Amounts becoming available:			
Revenue and receipts:			
Repayments on loans.....	40,845	24,571	18,152
Proceeds from sale of acquired chattels.....	1		
Repayments on judgments.....	40	42	48
Interest revenue.....	2,123	1,689	1,605
Other revenue.....	2	2	2
Recovery of prior year obligations.....	131		
Total amounts becoming available.....	43,143	26,304	19,807
Unobligated balance brought forward.....	67,958	84,489	86,184
Total amounts available.....	111,101	110,793	105,991

Program and Financing (in thousands of dollars)—Continued

	1960 actual	1961 estimate	1962 estimate
Financing—Continued			
Unobligated balance carried forward.....	—84,489	—86,184	—82,392
Financing applied to program.....	26,612	24,609	23,599

Purpose and financial organization.—This fund finances loans to farmers and stockmen in the event of disasters and other emergencies, in areas where agricultural credit is not readily available. The fund is also available within statutory limits for emergency assistance in furnishing feed and seed in areas suffering major disasters. The fund was created by the transfer of the assets of the Regional Agricultural Credit Corporation of Washington which was abolished. Legislation is being proposed to require the States to share a greater part of the costs of farm disaster relief assistance.

Budget program—1. Loan commitments.—(a) *Production emergency loans.*—Loans are made at 3% interest to farmers and stockmen suffering production disasters.

(b) *Economic emergency loans.*—Loans may be made at 3% interest in any economic disaster area declared by the President.

(c) *Special livestock loans.*—For 4 years after July 14, 1953, loans were authorized to be made at 5% interest to established livestock producers who had a reasonable chance of working out their difficulties with supplementary financing. Supplemental loans may be made for an additional 4 years after July 14, 1957, to individuals already indebted.

(d) *Other loans.*—Where necessary to protect the Government's investment, obligations are incurred in connection with outstanding loans to provide for payment of such costs as taxes and insurance. Such advances are charged to the borrowers' accounts.

3. *Administrative expenses.*—The principal administrative expenses are related to the loan programs of the Farmers Home Administration. These expenses are estimated at \$2.6 million in each of the years 1961 and 1962. Administrative expenses of the Commodity Stabilization Service are estimated at \$110 thousand in 1961 and \$100 thousand in 1962, in connection with the emergency feed program. Administrative expenses for the Office of the General Counsel are estimated at \$19 thousand in 1961 and \$29 thousand in 1962.

Financing the budget program.—No new budgetary authorization is required for 1962. A net loss of \$2.2 million is estimated on an accrual basis. Net expenditures of \$3.9 million are anticipated on a cash basis due primarily to estimated excess loan advances over loan repayments during the year. During 1962, the program will be wholly financed by receipts from operations.

Operating results and financial condition.—Revenue for 1962, consisting principally of interest on loans, is estimated at \$1.6 million, compared to expenses of \$3.8 million, resulting in an estimated loss of \$2.2 million. A net loss of \$2.1 million is estimated for 1961, and a net loss of \$0.4 million resulted in 1960. The improved repayment record on emergency loans dictated the need for a downward revision in the formula for determining valuation reserves on loans during 1960. This change resulted in reduced losses during that year.

Loans receivable, after allowance for losses, are expected to amount to \$35.3 million on June 30, 1962, as

compared with \$33.7 million at June 30, 1961, and \$37.5 million on June 30, 1960.

The Government investment at June 30, 1962, is expected to be \$118.5 million, consisting of \$205.9 million appropriated and donated, less a deficit of \$87.3 million.

Sources and Application of Funds (Operations) (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Gross expenditures (funds applied):			
Loan program:			
Acquisition of loans.....	23,614	21,500	20,450
Acquisitions in lieu of interest receivable:			
Collateral.....	18	4	3
Judgments taken.....	22	38	52
Expense.....	2,344	2,949	2,969
Increase in selected working capital.....		245	209
Total gross expenditures.....	25,998	24,736	23,683
Receipts from operations (funds provided):			
Loan program:			
Repayments on loans.....	40,845	24,571	18,152
Proceeds from sale of collateral.....	1		
Repayments on judgments.....	40	42	48
Revenue.....	2,126	1,691	1,607
Decrease in selected working capital.....	771		
Total receipts from operations.....	43,783	26,304	19,807
Budget expenditures.....	-17,785	-1,568	3,876

Revenue, Expense, and Retained Earnings (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Operating program:			
Revenue.....	2,126	1,691	1,607
Expense.....	2,480	3,827	3,759
Net operating loss (-).....	-354	-2,136	-2,152
Nonoperating income: Proceeds from sale of collateral.....	1		
Net loss (-) for the year.....	-353	-2,136	-2,152
Deficit (-), beginning of year.....	-82,679	-83,032	-85,168
Deficit (-), end of year.....	-83,032	-85,168	-87,320

Financial Condition (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Assets:			
Cash with Treasury.....	81,543	83,111	79,235
Accounts receivable, net.....	3,584	3,700	3,784
Loans receivable, net.....	37,523	33,676	35,305
Acquired security or collateral.....	115	99	72
Judgments, net.....	222	254	292
Total assets.....	122,987	120,840	118,688
Liabilities:			
Current.....	161	150	150
Government investment:			
Non-interest-bearing capital.....	205,858	205,858	205,858
Deficit (-).....	-83,032	-85,168	-87,320
Total Government investment.....	122,826	120,690	118,538

Status of Certain Fund Balances (in thousands of dollars)

	1959 actual	1960 actual	1961 estimate	1962 estimate
Unexpended balance: Cash with Treasury.....	63,758	81,543	83,111	79,235
Obligated balance, net:				
Current liabilities.....	240	161	150	150
Undisbursed loan commitments.....	1,145	477	477	477

Status of Certain Fund Balances (in thousands of dollars)—Continued

	1959 actual	1960 actual	1961 estimate	1962 estimate
Obligated balance, net—Continued				
Accounts receivable, net, and cash in transit (-).....	-5,585	-3,584	-3,700	-3,784
Total obligated balance.....	-4,200	-2,946	-3,073	-3,157
Unobligated balance.....	67,958	84,489	86,184	82,392

Object Classification (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
FARMERS HOME ADMINISTRATION			
11 Personnel compensation:			
Permanent positions.....	1,618	1,804	1,695
Positions other than permanent.....	82	399	511
Other personnel compensation.....	15	15	7
Total personnel compensation.....	1,715	2,218	2,213
12 Personnel benefits.....	113	151	146
21 Travel and transportation of persons.....	155	194	204
24 Printing and reproduction.....	5	5	5
33 Investments and loans.....	22,986	21,542	20,505
Undistributed charges.....	1,539	370	397
Total, Farmers Home Administration.....	26,513	24,480	23,470
ALLOTMENT ACCOUNTS			
11 Personnel compensation:			
Permanent positions.....	69	79	86
Positions other than permanent.....	3	11	3
Total personnel compensation.....	73	90	89
12 Personnel benefits.....	5	6	7
21 Travel and transportation of persons.....	11	14	14
23 Rent, communications, and utilities.....	1	1	1
24 Printing and reproduction.....	2	3	3
25 Other services.....	1	1	1
Advanced to—			
“Local administration, sec. 388, Agricultural Adjustment Act of 1938, Agriculture” (7 U.S.C. 1388).....		6	6
“Administrative expenses, sec. 392, Agricultural Adjustment Act of 1938” (7 U.S.C. 1392).....	6	6	6
26 Supplies and materials.....		2	2
Total, allotment accounts.....	99	129	129
Total obligations.....	26,612	24,609	23,599

Obligations are distributed as follows:			
Farmers Home Administration.....	26,513	24,480	23,470
Commodity Stabilization Service.....	82	110	100
Office of the General Counsel.....	17	19	29

Personnel Summary

	1960 actual	1961 estimate	1962 estimate
FARMERS HOME ADMINISTRATION			
Total number of permanent positions.....	330	340	312
Full-time equivalent of other positions.....	18	76	97
Average number of all employees.....	336	403	404
Number of employees at end of year.....	329	365	355
Average GS grade.....	5.5	5.9	6.0
Average GS salary.....	\$5,077	\$5,506	\$5,511
ALLOTMENT ACCOUNTS			
Total number of permanent positions.....	10	9	10
Full-time equivalent of other positions.....	1	2	1
Average number of all employees.....	9	9	10
Number of employees at end of year.....	8	3	3
Average GS grade.....	6.3	6.4	6.5
Average GS salary.....	\$5,471	\$5,994	\$6,053

FARMERS HOME ADMINISTRATION—Continued**Public enterprise funds—Continued****FARM TENANT-MORTGAGE INSURANCE FUND****Program and Financing (in thousands of dollars)**

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
Capital outlay:			
Loans made:			
For payment of delinquent installments.....	2,430	2,000	2,000
For other advances.....	87	100	85
From fund for later sale.....	338	1,000	1,000
Purchase of loans from lenders.....	9,907	10,750	16,650
Collateral acquired by default.....	19		
Total capital outlay.....	12,781	13,850	19,735
Operations:			
Administrative expenses.....	925	1,050	1,050
Costs incident to acquired real estate.....	5	5	5
Writeoffs—accounts receivable.....	1	1	1
Interest on borrowings from Treasury.....	1,308	1,392	1,455
Total operations.....	2,239	2,448	2,511
Total obligations.....	15,020	16,298	22,246
Financing:			
Amounts becoming available:			
Authorization to expend from public debt receipts (permanent indefinite).....	6,245	1,082	8,325
Revenue and receipts:			
Repayments on advances and loans held.....	5,513	6,485	7,300
Sale of loans.....	610	5,000	3,090
Proceeds from sale of acquired real estate.....	92	120	140
Insurance premiums.....	2,035	2,150	2,240
Interest income.....	1,199	1,350	1,420
Fees and other income.....	32	45	54
Recovery of prior year obligations.....	100		
Total amounts becoming available.....	15,826	16,232	22,569
Unobligated balance brought forward.....	2,919	3,725	3,659
Total amounts available.....	18,745	19,957	26,228
Unobligated balance carried forward.....	-3,725	-3,659	-3,982
Financing applied to program.....	15,020	16,298	22,246

Purpose and financial organization.—This fund, authorized in the Bankhead-Jones Farm Tenant Act (7 U.S.C. 1005(a)), is used to insure farm ownership loans and soil and water conservation loans. The insurance endorsement on each loan includes an agreement by the Government to purchase the loan after a specified period of not less than 5 years, at the holder's option. The initial fund of \$1 million is supplemented by charges collected from insured farm ownership and soil and water conservation loan borrowers, inspection and appraisal fees, and other charges. Receipts are available for administrative expenses and to cover losses. Public Law 85-748, approved August 25, 1958 (72 Stat. 840), authorizes the making of loans from the fund to be sold individually or in blocks and insured. Up to \$5 million may be borrowed from the Secretary of the Treasury to facilitate the blocking of such loans. Interest paid the Secretary of the Treasury on borrowings is based on the current average market yields of outstanding marketable obligations of the United States.

Budget program.—Loan advances and purchases are estimated at \$19.7 million in 1962, an increase of \$5.9 million over 1961 and an increase of \$7 million over 1960. Included is \$1 million in 1961 and \$1 million in 1962 for

making loans which will later be sold on an insured basis. The increase in purchases of loans is attributable to the prevailing interest rate situation which makes unattractive the further retention of loans carrying 3 and 3½% interest to the holder, which currently are eligible for redemption.

Financing.—In order to finance operations, it is estimated that it will be necessary to utilize the statutory authorization (7 U.S.C. 1005c) to borrow from the Treasury in the net amount of \$1.1 million in 1961. Net borrowings from the Treasury of \$8.3 million are anticipated in 1962.

Operating results and retained earnings.—Total income, consisting principally of insurance premiums, is estimated at \$3.7 million in 1962, an increase of about \$0.2 million from 1961.

The need to purchase loans is expected to result in outstanding loans receivable of \$52.4 million at June 30, 1962. Retained earnings, available to cover future losses, are estimated to be \$10.6 million at the end of 1962. These earnings, when added to the \$1 million appropriation and estimated borrowings of \$44.9 million from the Treasury, represent a \$56.5 million Government investment.

POSITION WITH RESPECT TO INSURANCE AUTHORITY

[In thousands of dollars]

	1960 actual	1961 estimate	1962 estimate
Annual mortgage insurance authority....	150,000	150,000	150,000
Charges against mortgage insurance authority during the year:			
Mortgages insured.....	14,855	19,100	24,100
Commitments to insure pending advances by lenders.....	3,729	2,400	2,400
Mortgages accepted for the account of the fund, net.....	387	350	300
Total charges against authority....	18,971	21,850	26,800
Unused insurance authority.....	131,029	128,150	123,200

Sources and Application of Funds (Operations) (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Gross expenditures (funds applied):			
Loans made:			
Payment of delinquent installments.....	2,430	2,000	2,000
Advances on behalf of borrowers.....	93	100	85
From fund for later sale.....	1,109	1,000	1,000
Purchase of loans from lenders.....	10,209	10,750	16,650
Acquired property.....	19		
Expense.....	2,239	2,448	2,511
Increase in selected working capital.....	197	89	433
Total gross expenditures.....	16,296	16,387	22,679
Receipts from operations (funds provided):			
Loan repayments:			
On advances and loans held.....	5,513	6,485	7,300
Sale of loans.....	610	5,000	3,090
Sale of acquired property.....	92	120	140
Revenue.....	3,266	3,545	3,714
Total receipts from operations.....	9,481	15,150	14,244
Budget expenditures.....	6,815	1,237	8,435

Revenue, Expense, and Retained Earnings (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Operating program:			
Revenue.....	3,266	3,545	3,714
Expense.....	2,275	2,488	2,551
Net income.....	991	1,057	1,163

Revenue, Expense, and Retained Earnings (in thousands of dollars)—Continued

	1960 actual	1961 estimate	1962 estimate
Nonoperating income or loss (—):			
Proceeds from disposition of acquired property:			
Cash sales.....	92	120	140
Exchanged for loans receivable.....	75	140	150
Total proceeds from disposition of acquired property.....	167	260	290
Net book value of assets sold (—).....	—170	—257	—284
Net nonoperating income or loss (—).....	—3	3	6
Net income for the year.....	988	1,060	1,169
Retained earnings, beginning of year.....	7,460	8,448	9,508
Retained earnings, end of year.....	8,448	9,508	10,677

Financial Condition (in thousands of dollars)

Assets:			
Cash with Treasury.....	1,046	891	781
Accounts receivable, net.....	2,714	2,803	3,236
Loans receivable, net.....	40,957	43,192	52,417
Judgments.....	1	1	1
Property acquired through foreclosure.....	203	176	122
Total assets.....	44,921	47,063	56,557
Liabilities:			
Current.....	8	8	8
Government investment:			
Interest-bearing capital:			
Start of year.....	29,220	35,465	36,547
Borrowings from Treasury during year, net.....	6,245	1,082	8,325
End of year.....	35,465	36,547	44,872
Non-interest-bearing capital (start and end of year).....	1,000	1,000	1,000
Retained earnings.....	8,448	9,508	10,677
Total Government investment.....	44,913	47,055	56,549

Note.—This statement excludes contingent liabilities for insured loans as follows: 1960, \$168 thousand; 1961, \$171 thousand; 1962, \$170 thousand.

Status of Certain Fund Balances (in thousands of dollars)

	1959 actual	1960 actual	1961 estimate	1962 estimate
Unexpended balance: Cash with Treasury.....	1,616	1,046	891	781
Obligated balance, net:				
Current liabilities.....	6	8	8	8
Undisbursed commitments to purchase loans.....	339			
Undisbursed commitments to make loans from fund.....	864	26	26	26
Undisbursed commitments to pay recoverable loan costs.....	3	1	1	1
Accounts receivable, net (—).....	—2,515	—2,714	—2,803	—3,236
Total obligated balance.....	—1,303	—2,679	—2,768	—3,201
Unobligated balance.....	2,919	3,725	3,659	3,982

Object Classification (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
25 Other services.....	931	1,056	1,056
33 Investments.....	12,781	13,850	19,735
43 Interest and dividends.....	1,308	1,392	1,455
Total obligations.....	15,020	16,298	22,246

Intragovernmental funds:

ADVANCES AND REIMBURSEMENTS

Program and Financing (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
Administration of direct and insured loan programs (total costs—obligations).....	111	127	127
Financing:			
Advances and reimbursements from—			
Other accounts.....	106	119	119
Non-Federal sources (40 U.S.C. 481(c)).....	5	8	8
Total financing.....	111	127	127

Object Classification (in thousands of dollars)

11 Personnel compensation:			
Permanent positions.....	88	102	102
Other personnel compensation.....	2		
Total personnel compensation.....	90	102	102
12 Personnel benefits.....	7	8	8
21 Travel and transportation of persons.....	1	1	1
22 Transportation of things.....	1	3	3
23 Rent, communications, and utilities.....	9	8	8
31 Equipment.....	3	5	5
Total obligations.....	111	127	127

Personnel Summary

Total number of permanent positions.....	15	15	15
Average number of all employees.....	18	18	18
Number of employees at end of year.....	14	14	14
Average GS grade.....	4.8	4.8	4.8
Average GS salary.....	\$4,859	\$5,292	\$5,357

OFFICE OF THE GENERAL COUNSEL

Current authorizations:

SALARIES AND EXPENSES

For necessary expenses, including payment of fees or dues for the use of law libraries by attorneys in the field service, [\$3,358,000] \$3,650,000. (5 U.S.C. 511–512, 518; Department of Agriculture and Farm Credit Administration Appropriation Act, 1961.)

Note.—Includes \$75 thousand for activities previously carried under "Watershed protection," Soil Conservation Service. The amount obligated in 1961 is shown in the schedule as a comparative transfer.

Program and Financing (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
1. Credit, conservation, research, and staff legal services.....	1,789	2,010	2,035
2. Commodity credit and production adjustment programs.....	788	860	860
3. Marketing and regulatory laws.....	576	755	755
Total program costs ¹	3,153	3,625	3,650
4. Relation of costs to obligations: Obligations incurred for costs of other years, net.....	2		
Total obligations.....	3,155	3,625	3,650

¹ Includes capital outlay as follows: 1960, \$23 thousand; 1961, \$20 thousand; 1962, \$21 thousand.

OFFICE OF THE GENERAL COUNSEL—Continued

Current authorizations—Continued

SALARIES AND EXPENSES—Continued

Program and Financing (in thousands of dollars)—Continued

	1960 actual	1961 estimate	1962 estimate
Financing:			
Comparative transfers from (—) other accounts.....		—75	
Unobligated balance lapsing.....	7		
New obligational authority.....	3,162	3,550	3,650
New obligational authority:			
Appropriation.....	3,162	3,358	3,650
Proposed supplemental due to pay increases.....		192	

The Office serves as legal counsel for the Secretary of Agriculture and performs all legal work for the Department. It represents the Department in administrative proceedings for the promulgation of rules and regulations having the force and effect of law and in quasi-judicial hearings held in connection with the administration of Department programs. The Office also represents the Secretary in proceedings before the Interstate Commerce Commission dealing with rates and practices relating to the transportation of agricultural commodities and in appeals to the courts from the decisions of the Commission. It examines titles to lands to be acquired by the Department or accepted as security for loans, and disposes of claims arising out of the Department's activities.

The increase in 1962 is to meet the increased legal workload connected with the loans made under section 8 of the Watershed Protection and Flood Prevention Act.

4. *Relation of costs to obligations.*—Year-end balances of unpaid undelivered orders are as follows: 1959, \$7 thousand; 1959 (adjusted), \$3 thousand; 1960, \$5 thousand; 1961, \$5 thousand; 1962, \$5 thousand.

Object Classification (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
11 Personnel compensation:			
Permanent positions.....	2,694	3,097	3,131
Positions other than permanent.....	12	13	13
Other personnel compensation.....	26	15	3
Total personnel compensation.....	2,732	3,125	3,147
12 Personnel benefits.....	187	236	238
21 Travel and transportation of persons.....	84	101	102
22 Transportation of things.....	3	6	6
23 Rent, communications, and utilities.....	47	47	48
24 Printing and reproduction.....	18	22	22
25 Other services.....	16	14	14
Services of other agencies.....	6	7	7
26 Supplies and materials.....	29	27	27
31 Equipment.....	33	40	39
Total obligations.....	3,155	3,625	3,650

Personnel Summary

Total number of permanent positions.....	387	408	412
Full-time equivalent of other positions.....	3	3	3
Average number of all employees.....	380	403	406
Number of employees at end of year.....	402	407	411
Average GS grade.....	8.4	8.4	8.4
Average GS salary.....	\$7,066	\$7,692	\$7,783

ALLOTMENTS RECEIVED FROM OTHER ACCOUNTS

Note.—Obligations incurred under allotments from other accounts are included in the schedule of the parent appropriations as follows:
"Conservation reserve," Commodity Stabilization Service.
"Disaster loans, etc., revolving fund," Farmers Home Administration.

Intragovernmental funds:

ADVANCES AND REIMBURSEMENTS

Program and Financing (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
Miscellaneous services to other accounts (total costs—obligations) (object class 31).....	1	1	1
Financing:			
Advances and reimbursements from non-Federal sources (5 U.S.C. 61(b) and 40 U.S.C. 481(c)).....	1	1	1

OFFICE OF THE SECRETARY

Current authorizations:

SALARIES AND EXPENSES

For expenses of the Office of the Secretary of Agriculture; expenses of the National Agricultural Advisory Commission; stationery, supplies, materials, and equipment; freight, express, and drayage charges; advertising of bids, communication service, postage, washing towels, repairs and alterations, and other miscellaneous supplies and expenses not otherwise provided for and necessary for the practical and efficient work of the Department of Agriculture, [\$2,899,500] \$3,107,000: *Provided*, That this appropriation shall be reimbursed from applicable appropriations for travel expenses incident to the holding of hearings as required by the Administrative Procedure Act (5 U.S.C. 1001). (5 U.S.C. 511–517; secs. 511–512—establishing the Department of Agriculture, which was implemented by the Act of July 24, 1919 (5 U.S.C. 563–564), apply to all appropriation items of the Department which are not based upon specific legislative authority either incorporated in the language of the item or cited immediately thereunder; 5 U.S.C. 520a, 542–1, 543b, 1001, 2131; Department of Agriculture and Farm Credit Administration Appropriation Act, 1961.)

Program and Financing (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
1. General administration.....	616	651	651
2. Personnel administration and service.....	700	755	755
3. Budgetary and financial administration and service.....	661	728	755
4. General operations.....	597	653	653
5. Administrative management.....	89	103	103
6. Regulatory hearings and decisions.....	157	178	178
7. National Agricultural Advisory Commission.....	11	12	12
Total program costs ¹	2,831	3,080	3,107
8. Relation of costs to obligations: Obligations incurred for costs of other years, net.....	10		
Total obligations.....	2,841	3,080	3,107
Financing:			
Unobligated balance lapsing.....	40		
New obligational authority.....	2,881	3,080	3,107
New obligational authority:			
Appropriation.....	2,881	2,900	3,107
Proposed supplemental due to pay increases.....		180	

¹ Includes capital outlay as follows: 1960, \$22 thousand; 1961, \$8 thousand; 1962, \$8 thousand.

The Office provides overall planning, coordination, and administration of the Department's programs, and supplies certain services on a departmentwide basis.

During 1960, the Office of the Secretary acquired at no cost property declared excess by other agencies of the Department of Agriculture with an original acquisition cost to the Government of \$5.4 thousand. Such property was used primarily for upgrading of older equipment.

2. *Personnel administration and service.*—Departmental policies and procedures are promulgated for the personnel management program. The operational phases of this program have been substantially delegated to the agencies. A systematic review is conducted to insure unification thereof and to measure its effectiveness in serving the agencies' personnel management requirements.

3. *Budgetary and financial administration and service.*—This covers the fields of departmental budgetary and financial management, internal audit and related activities; policies and procedures are promulgated, and programs and legislative proposals are evaluated for budgetary, financial, and related implications.

4. *General operations.*—These embrace departmental policies and procedures for real and personal property, and supply management. Administrative services are provided for the Office of the Secretary, and departmental service operations are furnished, including the Department's post office, telephone switchboard, telegraph office, and reproduction and supply services.

5. *Administrative management.*—This covers the areas of organization, paperwork activities (forms, reports, correspondence, and records maintenance and disposition), administrative issuances, and management improvement. Departmental policies and procedures are promulgated, improvement studies are undertaken, and agency administrative management programs are evaluated to insure economical and effective administration.

6. *Regulatory hearings and decisions.*—The hearing examiners hold hearings in connection with the prescribing of new regulations and orders and on disciplinary complaints filed by the Department or on petitions filed by private parties asking relief from some action of the Department. Final administrative decisions in regulatory proceedings are rendered by the judicial officer. Agriculture Decisions is published monthly.

7. *National Agricultural Advisory Commission.*—Provision is made for the payment of necessary expenses incident to periodic meetings of the National Agricultural Advisory Commission.

8. *Relation of costs to obligations.*—Year-end balances of unpaid undelivered orders are as follows: 1959, \$6 thousand; 1959 (adjusted), \$0; 1960, \$10 thousand; 1961, \$10 thousand; 1962, \$10 thousand.

Object Classification (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
11 Personnel compensation:			
Permanent positions.....	2,332	2,577	2,613
Positions other than permanent.....	11	10	9
Other personnel compensation.....	31	21	11
Total personnel compensation.....	2,374	2,608	2,633
12 Personnel benefits.....	160	189	191
21 Travel and transportation of persons.....	99	120	121
23 Rent, communications, and utilities.....	43	40	40
24 Printing and reproduction.....	74	75	75
25 Other services.....	11	6	6
Services of other agencies.....	33	15	16

Object Classification (in thousands of dollars)—Continued

	1960 actual	1961 estimate	1962 estimate
26 Supplies and materials.....	23	18	18
31 Equipment.....	23	8	8
42 Insurance claims and indemnities.....	1		
Total obligations.....	2,841	3,080	3,107

Personnel Summary

Total number of permanent positions.....	326	329	332
Full-time equivalent of other positions.....	1	1	1
Average number of all employees.....	310	319	322
Number of employees at end of year.....	315	321	324
Average GS grade.....	8.8	8.8	8.8
Average GS salary.....	\$7,341	\$7,962	\$7,986

Intragovernmental funds:

WORKING CAPITAL FUND, DEPARTMENT OF AGRICULTURE

This fund finances on a reimbursable basis certain central services in the Department of Agriculture, including duplicating, photographic, art and graphics, motion picture, tabulating, supply, and library photocopying services. The capital consists of \$400 thousand appropriated (5 U.S.C. 542-1) and \$523 thousand donated assets, as of June 30, 1960. Earnings are retained to furnish adequate working capital.

Sources and Application of Funds (Operations) (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Gross expenditures (funds applied):			
Supply and other central services program:			
Acquisition of equipment.....	10	3	3
Expense:			
Purchase of materials.....	346	349	349
Other expense.....	384	392	392
Reproduction services program:			
Acquisition of equipment.....	16	10	10
Expense:			
Purchase of materials.....	364	365	365
Other expense.....	703	708	708
Motion picture, photographic, and other visual information services program:			
Acquisition of equipment.....	15	40	30
Expense:			
Purchase of materials.....	215	200	210
Other expense.....	926	1,022	1,022
Increase in selected working capital.....		37	37
Total gross expenditures.....	2,980	3,126	3,126
Receipts from operations (funds provided):			
Supply and other central services program:			
Revenue.....	742	759	759
Reproduction services program:			
Revenue.....	1,068	1,082	1,082
Proceeds from sale of equipment.....	3		
Motion picture, photographic, and other visual information services program revenue.....	1,175	1,270	1,270
Selected working capital assumed.....	10		
Decrease in selected working capital.....	82		
Total receipts from operations.....	3,080	3,111	3,111
Budget expenditures.....	-99	15	15

OFFICE OF THE SECRETARY—Continued**Intragovernmental funds—Continued****WORKING CAPITAL FUND, DEPARTMENT OF AGRICULTURE—Con.****Revenue, Expense, and Retained Earnings (in thousands of dollars)**

	1960 actual	1961 estimate	1962 estimate
Supply and other central services program:			
Revenue.....	742	759	759
Expense.....	742	758	758
Net operating income, supply and other central services program.....		1	1
Reproduction services program:			
Revenue.....	1,068	1,082	1,082
Expense.....	1,086	1,082	1,082
Net operating loss (—), reproduction services program.....	—18		
Motion picture, photographic, and other visual information services program:			
Revenue.....	1,175	1,270	1,270
Expense.....	1,150	1,270	1,270
Net operating income, motion picture, photographic, and other visual infor- mation services program.....	25		
Nonoperating income: Proceeds from sale of equipment (at book value) (total).....	3		
Net income for the year.....	10	1	1
Retained earnings, beginning of year.....	69	79	80
Retained earnings, end of year.....	79	80	81

Financial Condition (in thousands of dollars)

Assets:			
Cash with Treasury.....	378	363	348
Accounts receivable, net.....	410	413	417
Advances.....	3	3	3
Inventories, deferred charges, etc.....	295	275	265
Equipment, net.....	373	372	361
Total assets.....	1,458	1,426	1,394
Liabilities:			
Current.....	456	422	389
Government investment:			
Non-interest-bearing capital: Start and end of year.....	923	923	923
Retained earnings.....	79	80	81
Total Government investment.....	1,002	1,003	1,004

Note.—Unpaid undelivered orders are as follows: 1959, \$105 thousand; 1960, \$132 thousand; 1961, \$122 thousand; 1962, \$122 thousand.

Object Classification (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
OFFICE OF THE SECRETARY			
11 Personnel compensation:			
Permanent positions.....	715	763	766
Other personnel compensation.....	54	29	26
Add excess of annual leave earned over leave taken.....	3		
Total personnel compensation.....	772	792	792
12 Personnel benefits.....	49	63	63
21 Travel and transportation of persons.....	1	1	1
22 Transportation of things.....	1	1	1

Object Classification (in thousands of dollars)—Continued

	1960 actual	1961 estimate	1962 estimate
OFFICE OF THE SECRETARY—Con.			
23 Rent, communications, and utilities.....	135	133	133
24 Printing and reproduction.....	37	35	35
25 Other services.....	12	10	10
26 Supplies and materials.....	710	710	710
31 Equipment.....	41	12	12
Total, Office of the Secretary.....	1,758	1,757	1,757
ALLOTMENT ACCOUNTS			
11 Personnel compensation:			
Permanent positions.....	683	739	739
Positions other than permanent.....	3	3	3
Other personnel compensation.....	19	20	20
Add excess of annual leave earned over leave taken.....	2		
Total personnel compensation.....	707	762	762
12 Personnel benefits.....	46	52	52
21 Travel and transportation of persons.....	23	23	23
22 Transportation of things.....	4	4	4
23 Rent, communications, and utilities.....	6	6	6
24 Printing and reproduction.....	16	16	16
25 Other services.....	145	145	145
Services of other agencies.....	15	15	15
26 Supplies and materials.....	282	258	278
31 Equipment.....	10	41	31
Total allotment accounts.....	1,254	1,322	1,332
Total obligations.....	3,012	3,079	3,089
Obligations are distributed as follows:			
Office of the Secretary.....	1,758	1,757	1,757
Office of Information.....	1,220	1,282	1,292
Library.....	34	40	40

Personnel Summary

OFFICE OF THE SECRETARY			
Total number of permanent positions.....	160	160	160
Average number of all employees.....	152	155	155
Number of employees at end of year.....	156	158	158
Average GS grade.....	4.4	4.4	4.4
Average GS salary.....	\$4,663	\$5,041	\$5,064
Average salary of ungraded positions.....	\$4,596	\$4,935	\$4,959
ALLOTMENT ACCOUNTS			
Total number of permanent positions.....	117	115	115
Full-time equivalent of other positions.....	1	1	1
Average number of all employees.....	111	111	111
Number of employees at end of year.....	113	114	114
Average GS grade.....	7.6	7.7	7.7
Average GS salary.....	\$6,079	\$6,668	\$6,753

ADVANCES AND REIMBURSEMENTS**Program and Financing (in thousands of dollars)**

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
Miscellaneous services to other accounts:			
Department of Agriculture.....	24	31	31
Other agencies.....	24	5	5
Total program costs—obligations.....	48	36	36

Program and Financing (in thousands of dollars)—Continued

	1960 actual	1961 estimate	1962 estimate
Financing:			
Advances and reimbursements from other accounts.....	48	36	36
Total financing.....	48	36	36
Object Classification (in thousands of dollars)			
11 Personnel compensation: Permanent positions.....	26	16	16
12 Personnel benefits.....	2	1	1
21 Travel and transportation of persons.....	18	18	18
24 Printing and reproduction.....	1	1	1
31 Equipment.....	1		
Total obligations.....	48	36	36

Personnel Summary

Total number of permanent positions.....	3	2	2
Average number of all employees.....	3	1	1
Number of employees at end of year.....	0	0	0
Average GS grade.....	12.0	11.4	11.4
Average GS salary.....	\$10,051	\$10,525	\$10,525

OFFICE OF INFORMATION

Current authorizations:

SALARIES AND EXPENSES

For necessary expenses of the Office of Information for the dissemination of agricultural information and the coordination of informational work and programs authorized by Congress in the Department, **[\$1,488,000] \$1,610,000**, of which total appropriation not to exceed \$537,000 may be used for farmers' bulletins, which shall be adapted to the interests of the people of the different sections of the country, an equal proportion of four-fifths of which shall be delivered to or sent out under the addressed franks furnished by the Senators, Representatives, and Delegates in Congress, as they shall direct (7 U.S.C. 417), and not less than **[one hundred seventy-four thousand and seven hundred and thirty-six] two hundred and thirty-three thousand and fifty** copies for the use of the Senate and House of Representatives of part 2 of the annual report of the Secretary (known as the Yearbook of Agriculture) as authorized by section 73 of the Act of January 12, 1895 (44 U.S.C. 241) **],** and for reprinting the 1959 yearbook "Food" for the use of the Senate and House of Representatives, respectively, of eighty-seven thousand and three hundred and sixty-eight copies (for which not to exceed \$67,300 shall be available) **]:** *Provided*, That in the preparation of motion pictures or exhibits by the Department, not exceeding a total of \$10,000 may be used for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (5 U.S.C. 574), as amended by section 15 of the Act of August 2, 1946 (5 U.S.C. 55a). (5 U.S.C. 511-512; Department of Agriculture and Farm Credit Administration Appropriation Act, 1961.)

Program and Financing (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
1. Publications review and distribution.....	653	721	721
2. Review and distribution of current agricultural information.....	526	558	594

Program and Financing (in thousands of dollars)—Continued

	1960 actual	1961 estimate	1962 estimate
Program by activities—Continued			
3. Review, preparation, and distribution of visual agricultural information.....	236	269	295
Total program costs ¹	1,414	1,548	1,610
4. Relation of costs to obligations: Obligations incurred for costs of other years, net.....	13		
Total obligations.....	1,428	1,548	1,610
Financing:			
Unobligated balance lapsing.....	4		
New obligational authority.....	1,432	1,548	1,610
New obligational authority:			
Appropriation.....	1,432	1,488	1,610
Proposed supplemental due to pay increases.....		60	

¹ Includes capital outlay as follows: 1960, \$9 thousand; 1961, \$9 thousand; 1962, \$9 thousand.

The Office has responsibility for the information work of the entire Department. Its major objective is to report to farmers, agricultural and closely related groups, and to the public the Department's research, action, regulatory, and other programs, using any or all information media. This work is carried on in close cooperation with the land-grant colleges and with private industries which serve agriculture. Workload depends upon Department program demands, direct requests, and legislative requirements.

During 1960, the Office of Information acquired at no cost property declared excess by other Federal agencies and by other agencies of the Department of Agriculture with an original acquisition cost to the Government of \$4.9 thousand. Such property was used primarily for upgrading of older equipment.

1. *Publications review and distribution.*—The Department publications, both printed and processed, are reviewed for policy clearance and control. Publications include farmers' bulletins, leaflets, periodicals, scientific, research, and marketing publications, and agricultural statistics.

2. *Review and distribution of current agricultural information.*—The Department's activities require the issuance of about 3,600 periodic crop, price, and market reports and press releases annually. Special information is furnished to national magazines, encyclopedic annuals, and trade publications. Digests, newsletters, and other services are made available to press associations, daily newspapers, and farm publications. Part 2 of the Secretary's annual report, known as the Yearbook of Agriculture, is published by the Office and distributed by Members of Congress. Radio is used to reach farmers locally and to broadcast regular weekly programs on major networks. Television package programs are prepared for use of land-grant colleges and television farm broadcasters.

3. *Review, preparation, and distribution of visual agricultural information.*—Motion pictures for the Department and private industries which serve agriculture, produced on a reimbursable basis under the Department's Working

OFFICE OF INFORMATION—Continued

Current authorizations—Continued

SALARIES AND EXPENSES—Continued

capital fund, are distributed through nearly 75 cooperating State film libraries. Still photographs, illustrations, and graphics are similarly produced. News and general-type photographs of Department programs and activities are available from a centralized library. Exhibits are produced and supplied to State extension workers for their use in State exhibit showings.

4. *Relation of costs to obligations.*—The relationship is derived from year-end balances of selected resources and applicable adjustment as reflected in the following table (in thousands of dollars):

	1959 actual	1960 actual	1961 estimate	1962 estimate
Selected resources at end of year: Inventories and items on order:				
Publications consigned to Government Printing Office.....	178	159	180	180
Unpaid undelivered orders (appropriation balances obligated for goods and services on order not yet received)....	279	298	277	277
Total selected resources at end of year.....	457	457	457	457
Selected resources at start of year (—).....		—457	—457	—457
Adjustment of selected resources reported at start of year.....		13	—	—
Obligations incurred for costs of other years, net....		13	—	—

Object Classification (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
11 Personnel compensation:			
Permanent positions.....	687	783	823
Positions other than permanent.....	12	12	12
Other personnel compensation.....	13	7	7
Total personnel compensation.....	712	802	842
12 Personnel benefits.....	48	58	61
21 Travel and transportation of persons.....	10	12	15
22 Transportation of things.....	3	3	3
23 Rent, communications, and utilities.....	80	80	80
24 Printing and reproduction.....	526	539	547
25 Other services.....	6	6	8
Services of other agencies.....	17	20	25
26 Supplies and materials.....	14	16	17
31 Equipment.....	12	12	12
Total obligations.....	1,428	1,548	1,610

Personnel Summary

	1960 actual	1961 estimate	1962 estimate
Total number of permanent positions.....	127	133	140
Full-time equivalent of other positions.....	2	2	2
Average number of all employees.....	114	119	125
Number of employees at end of year.....	126	126	133
Average GS grade.....	7.4	7.5	7.5
Average GS salary.....	\$6,187	\$6,733	\$6,807

Intragovernmental funds:

ADVANCES AND REIMBURSEMENTS

Program and Financing (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
1. Review, preparation, and distribution of visual agricultural information.....	70	70	70
2. Centennial observance of agriculture.....	10	70	80
3. International agricultural fairs.....	22	75	75
4. Miscellaneous services to other accounts.....	3	5	5
Total program costs.....	104	220	230
5. Relation of costs to obligations: Obligations incurred for costs of other years, net.....	2	—	—
Total obligations.....	106	220	230
Financing:			
Advances and reimbursements from—			
Other accounts.....	98	210	220
Non-Federal sources.....	8	10	10
Total financing.....	106	220	230

Note.—Reimbursements from non-Federal sources are derived from the sale of reproductions (7 U.S.C. 1387) and proceeds from the sale of personal property being replaced (40 U.S.C. 481(c)).

5. *Relation of costs to obligations.*—Year-end balances of unpaid undelivered orders are as follows: 1959, \$0; 1960, \$2 thousand; 1961, \$2 thousand; 1962, \$2 thousand.

Object Classification (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
11 Personnel compensation:			
Permanent positions.....	59	63	63
Other personnel compensation.....	2	4	4
Total personnel compensation.....	61	67	67
12 Personnel benefits.....	4	6	6
21 Travel and transportation of persons.....	—	5	5
22 Transportation of things.....	—	1	1
23 Rent, communications, and utilities.....	—	1	1
24 Printing and reproduction.....	15	18	18
25 Other services.....	8	10	15
Services of other agencies.....	8	91	96
26 Supplies and materials.....	9	20	20
31 Equipment.....	1	1	1
Total obligations.....	106	220	230

Personnel Summary

	1960 actual	1961 estimate	1962 estimate
Total number of permanent positions.....	7	7	7
Average number of all employees.....	7	7	7
Number of employees at end of year.....	7	7	7
Average GS grade.....	7.4	7.5	7.5
Average GS salary.....	\$6,187	\$6,733	\$6,807

CENTENNIAL OBSERVANCE OF AGRICULTURE

Current authorizations:

SALARIES AND EXPENSES

For expenses necessary for planning, promoting, coordinating, and assisting participation by industry, trade association, commodity groups, and similar interests in the celebration of the centennial of the establishment of the Department of Agriculture; expenses of an honorary committee established in connection with such celebration; rental and restoration of property in the District of Columbia; and employment

ALLOTMENTS AND ALLOCATIONS RECEIVED FROM OTHER ACCOUNTS

Note.—Obligations incurred under allotments and allocations from other accounts are included in the schedules of the parent appropriations as follows:

"Conservation reserve program," Commodity Stabilization Service.
 "Great Plains conservation program," Soil Conservation Service.
 "Mutual security—economic," funds appropriated to the President.
 "Working capital fund, Department of Agriculture."

pursuant to section 706(a) of the Organic Act of 1944 (5 U.S.C. 574); as amended by section 15 of the Act of August 2, 1946 (5 U.S.C. 55a), \$130,000, to remain available until December 31, 1962.

Program and Financing (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
1. Coordination with trade, industry, and commodity groups.....			53
2. Centennial exposition site.....			35
Total program costs.....			88
3. Relation of costs to obligations: Obligations incurred for costs of other years, net.....			15
Total obligations.....			103
Financing:			
Unobligated balance carried forward.....			27
New obligational authority (appropriation).....			130

This nonrecurring appropriation would provide for planning and carrying out activities related to the centennial observance of the establishment of the Department of Agriculture and the founding of the land-grant colleges in 1862.

1. *Coordination with trade, industry, and commodity groups.*—A program for the participation by agricultural trade, industry, and commodity groups in the centennial observance would be developed and coordinated with centennial activities to be carried out directly by the Department, the land-grant institutions, and other governmental agencies. The trade, industry, and commodity groups would finance the costs of the activities in which they participate.

2. *Centennial exposition site.*—Rental, preparation, and restoration of a suitable site in Washington, D.C., for a centennial exposition would be provided. The direct costs of constructing and operating exhibits at the exposition site would be financed by the individual exhibitors.

3. *Relation of costs to obligations.*—The year-end balance of unpaid undelivered orders is as follows: 1962, \$15 thousand.

Object Classification (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
11 Personnel compensation: Permanent positions.....			26
12 Personnel benefits.....			1
21 Travel and transportation of persons.....			8
23 Rent, communications, and utilities.....			32
24 Printing and reproduction.....			16
25 Other services.....			18
26 Supplies and materials.....			1
31 Equipment.....			1
Total obligations.....			103

Personnel Summary

Total number of permanent positions.....	3
Average number of all employees.....	3
Number of employees at end of year.....	3
Average GS grade.....	7.0
Average GS salary.....	\$5,366
Average salary of ungraded positions.....	\$11,440

LIBRARY

Current authorizations:

SALARIES AND EXPENSES

For necessary expenses, including dues for library membership in societies or associations which issue publications to members only or at a price to members lower than to subscribers who are not members, [\$895,000] \$1,057,000. (5 U.S.C. 83, 511-512, 514, 516, 552a; Department of Agriculture and Farm Credit Administration Appropriation Act, 1961.)

Program and Financing (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
Agricultural library services (total costs—obligations ¹).....	829	951	1,057
Financing:			
Comparative transfers to other accounts.....	68		
Unobligated balance lapsing.....	3		
New obligational authority.....	900	951	1,057
New obligational authority:			
Appropriation.....	900	895	1,057
Proposed supplemental due to pay increases.....		56	

¹ Includes capital outlay as follows: 1960, \$11 thousand; 1961, \$6 thousand; 1962, \$7 thousand.

The Library, a basic unit serving the research, extension, regulatory, and other programs of the Department and the State agricultural agencies, acquires and makes available books, periodicals, and other publications containing information on agricultural and allied fields. It contains approximately 1,181,000 volumes, probably one of the most extensive agricultural collections existing in any country. Its services are used by agricultural colleges and universities, other research and educational institutions throughout the world, Government departments, agricultural associations, industry, individual farmers, and the general public. It serves as the national agricultural library, one of the three national libraries.

During 1960, a total of 16,136 volumes and 239,610 separate issues of periodicals were added to the collection by purchase, gift, and exchange. During the same period 344,097 loans of books and periodicals were made and 86,508 reference questions were answered by the Department library. The increase proposed for 1962 would be used to strengthen and improve specialized library services to agricultural research programs.

During 1960, the Library acquired, at no cost, property declared excess by other agencies of the Department of Agriculture with an estimated depreciated value of \$7.3 thousand. Such property was used primarily for the upgrading of older equipment, and to meet current equipment needs.

Object Classification (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
11 Personnel compensation:			
Permanent positions.....	646	765	855
Positions other than permanent.....	8	5	5
Other personnel compensation.....	6	4	
Total personnel compensation.....	660	774	860
12 Personnel benefits.....	45	59	66
21 Travel and transportation of persons.....	3	4	4

LIBRARY—Continued**Current authorizations—Continued****SALARIES AND EXPENSES—Continued****Object Classification (in thousands of dollars)—Continued**

	1960 actual	1961 estimate	1962 estimate
23 Rent, communications, and utilities.....	10	10	10
24 Printing and reproduction.....	15	15	17
Binding.....	28	28	30
25 Other services.....	4	1	1
Services of other agencies.....	4	4	4
26 Supplies and materials.....	9	9	9
31 Equipment.....	51	47	56
Total obligations.....	829	951	1,057

Personnel Summary

Total number of permanent positions.....	153	153	165
Full-time equivalent of other positions.....	2	1	1
Average number of all employees.....	123	130	143
Number of employees at end of year.....	140	140	157
Average GS grade.....	6.0	6.2	6.4
Average GS salary.....	\$5,112	\$5,677	\$5,800

ALLOCATIONS AND ALLOTMENTS RECEIVED FROM OTHER ACCOUNTS

Note.—Obligations incurred under allocations and allotments from other accounts are included in the schedules of the parent appropriations, as follows:

"Mutual security—economic," funds appropriated to the President.
 "Working capital fund, Department of Agriculture."

Intragovernmental funds:**ADVANCES AND REIMBURSEMENTS****Program and Financing (in thousands of dollars)**

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
1. Agricultural library services (includes Departments of Agriculture, Health, Education, and Welfare, Farm Credit Administration, and National Science Foundation) (total program costs).....	77	111	20
2. Relation of costs to obligations:			
Costs financed from obligations of other years, net (—).....			—4
Obligations incurred for costs of other years, net.....	3		
Total obligations.....	80	111	16
Financing:			
Advances and reimbursements from other accounts.....	80	111	16

2. *Relation of costs to obligations.*—Year-end balances of unpaid undelivered orders are as follows: 1959, \$3 thousand; 1959 (adjusted), \$2 thousand; 1960, \$5 thousand; 1961, \$5 thousand; 1962, \$1 thousand.

Object Classification (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
11 Personnel compensation:			
Permanent positions.....	62	70	15
Positions other than permanent.....	3	21	
Total personnel compensation.....	65	91	15
12 Personnel benefits.....	4	6	1
24 Printing and reproduction.....	2	3	
25 Other services.....		1	
26 Supplies and materials.....	1	1	
31 Equipment.....	8	9	
Total obligations.....	80	111	16

Personnel Summary

Total number of permanent positions.....	14	13	3
Full-time equivalent of other positions.....	1	3	
Average number of all employees.....	14	17	3
Number of employees at end of year.....	12	16	3
Average GS grade.....	4.6	4.9	5.0
Average GS salary.....	\$4,551	\$5,128	\$4,985

FOREST SERVICE

The Service carries on three primary functions: (a) Protection, development, and use of about 185 million acres of land in national forests and national grasslands in the United States and Puerto Rico; (b) research for all public and private forest lands and related ranges to improve protection from fire, insects, and diseases; to increase production of timber, forage, water, and other products; to improve methods for developing and managing recreation resources; to develop better utilization and marketing of forest products; and to maintain a current inventory of forest resources through a nationwide forest survey; and (c) cooperation with States and private forest landowners to obtain better fire protection on approximately 435 million acres of forest lands and better forest practices on about 345 million acres of privately owned commercial timberlands, to encourage reforestation and stimulate development and management of State, county, and community forests. These primary functions include construction and maintenance of roads and trails, control of forest pests, protection against floods, land acquisition and exchange, and a number of cooperative projects.

Current authorizations:**FOREST PROTECTION AND UTILIZATION**

For expenses necessary for forest protection and utilization, as follows:

Forest land management: For necessary expenses of the Forest Service, not otherwise provided for, including the administration, improvement, development, and management of lands under Forest Service administration, fighting and preventing forest fires on or threatening such lands and for liquidation of obligations incurred in the preceding fiscal year for such purposes, control of white pine blister rust and other forest diseases and insects on Federal and non-Federal lands; [\$92,159,700] \$105,517,000, of which \$5,000,000 for fighting and preventing forest fires and \$1,910,000 for insect and

disease control shall be apportioned for use, pursuant to section 3679 of the Revised Statutes, as amended, to the extent necessary under the then existing conditions: *Provided*, That not more than \$100,000 may be used for acquisition of land under the Act of March 1, 1911, as amended (16 U.S.C. 513-519): *Provided further*, That funds appropriated for "Cooperative range improvements", pursuant to section 12 of the Act of April 24, 1950 (16 U.S.C. 580h), may be advanced to this appropriation.

Forest research: For forest research at forest and range experiment stations, the Forest Products Laboratory, or elsewhere, as authorized by law; **[\$17,332,000] \$20,278,000.**

State and private forestry cooperation: For cooperation with States in forest-fire prevention and suppression, in forest tree planting on non-Federal public and private lands, and in forest management and processing, and for advising timberland owners, associations, wood-using industries, and others in the application of forest management principles and processing of forest products, as authorized by law; **[\$12,334,800] \$14,009,000.**

During the current fiscal year not to exceed \$100,000 of the funds appropriated under this heading shall be available for the acquisition of sites authorized by the Act of March 3, 1925, as amended (16 U.S.C. 555), without regard to any other limitation on the amount available for this purpose.]

For an additional amount for "Forest protection and utilization", as follows: "Forest land management", \$750,000, and "Forest research", \$500,000. (5 U.S.C. 511-512, 524, 565a; 7 U.S.C. 428a, 1010-1012, 1621-1627; 16 U.S.C. 471-583i, 594-1-594-5, 594a; 30 U.S.C. 601-604, 611-615; 31 U.S.C. 534; 43 U.S.C. 1181h-1181j; 36 Stat. 557; 74 Stat. 205-206, 215; Department of the Interior and Related Agencies Appropriation Act, 1961; Second Supplemental Appropriation Act, 1961.)

Program and Financing (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
1. Forest land management:			
(a) National forest protection and management.....	71,101	84,533	92,290
(b) Fighting forest fires.....	24,644	4,201	5,000
(c) Insect and disease control.....	6,915	7,252	7,402
(d) Acquisition of lands.....	95	100	100
Total, forest land management.....	102,755	96,086	104,792
2. Forest research:			
(a) Forest and range management.....	7,477	8,737	8,947
(b) Forest protection.....	2,511	3,174	3,751
(c) Forest products utilization.....	3,091	3,527	4,097
(d) Forest resources.....	1,903	2,265	2,408
(e) Forest research construction.....	1,693	450	1,000
Total, forest research.....	16,675	18,153	20,203
3. State and private forestry cooperation:			
(a) Forest fire control.....	10,035	10,121	11,121
(b) Forest tree planting.....	509	296	296
(c) Forest management and processing.....	1,611	1,554	2,054
(d) General forestry assistance.....	386	438	538
Total, State and private forestry cooperation.....	12,541	12,409	14,009
Total costs for year's program.....	131,971	126,648	139,004
4. Repayment to "Expenses, brush disposal" of prior year advance for fighting forest fires.....	1,623	799	-----
Total program costs ¹	133,594	127,447	139,004
5. Relation of costs to obligations:			
Costs financed from obligations of other years, net (-).....	-3,101	-----	-----
Obligations incurred for costs of other years, net.....	-----	1,429	1,500
Total obligations.....	130,493	128,876	140,504
Financing:			
Comparative transfers from (-) other accounts.....	-19	-----	-----
Advances and reimbursements from—"Cooperative range improvements".....	-700	-700	-700
"Expenses, brush disposal".....	-799	-----	-----

Program and Financing (in thousands of dollars)—Continued

	1960 actual	1961 estimate	1962 estimate
Financing—Continued			
Unobligated balance lapsing.....	144	-----	-----
New obligational authority.....	129,120	128,176	139,804
New obligational authority:			
Appropriation.....	129,120	123,076	139,804
Proposed supplemental due to pay increases.....	-----	5,100	-----

¹ Includes capital outlay as follows: 1960, \$14,595 thousand; 1961, \$17,700 thousand; 1962, \$22,400 thousand.

During 1960, the Service acquired at no cost property declared excess by other Federal departments and agencies with an original acquisition cost to the Government of \$3.2 million.

1. *Forest land management*—(a) *National forest protection and management*.—The 152 national forests and 14 units of national grasslands are managed under multiple use and sustained yield principles. The natural resources of outdoor recreation, range, timber, watershed, and wildlife are utilized in a planned combination that will best meet the needs of the Nation without impairing productivity of the land. These management and utilization principles were recognized in the Multiple Use-Sustained Yield Act of June 12, 1960 (Public Law 86-517, 74 Stat. 215). Work programs and budget estimates are related to the Program for the National Forests, a plan to meet the increasing demands for national forest resources during the next 10 to 15 years and beyond. Increases are provided in the budget to further attainment of these program objectives. Construction funds of \$10.6 million in 1961 and \$14.9 million in 1962 are budgeted, compared with \$6.7 million used in 1960, for construction or rehabilitation of campground and picnic facilities and other recreation improvements, the construction of dwellings or barracks for employee housing, fire lookouts, service and storage buildings, communication facilities, and other improvements. Funds appropriated under Cooperative range improvements are merged with this appropriation for obligational purposes.

MAIN WORKLOAD FACTORS

Description	1960 actual	1961 estimate	1962 estimate
Area administered and protected:			
(a) National forest land (acres).....	181,462,324	182,060,000	182,400,000
(b) National grasslands (acres).....	3,821,527	3,821,527	3,821,527
(c) Land utilization projects (acres).....	488,198	418,116	-----
Timber managed and protected (saw-timber—billion board feet).....	880	880	880
Timber sales (number).....	43,081	44,000	48,000
Timber harvested (billion board feet).....	9.37	8.5	10.1
Grazing use permits (calendar year).....	31,242	31,200	31,200
Estimated number of livestock on national forest ranges (including calves and lambs).....	6,000,000	6,000,000	6,000,000
Special use permits, excluding recreation (number).....	36,724	37,000	37,100
Recreation special use permits (number).....	21,709	22,300	23,000
Estimated number of visitors to national forests (calendar year).....	81,521,000	90,000,000	95,000,000
Tree planting and seeding (acres).....	45,094	60,000	70,000
Range reseeding and removal of competing vegetation (acres).....	161,767	175,000	195,000
Receipts (thousands of dollars):			
Timber sales.....	139,904	110,500	147,000
Grazing.....	3,664	3,700	3,700
Land uses.....	2,780	3,000	3,200
National grasslands.....	1,864	1,700	1,700
Total receipts.....	148,213	118,900	155,600

FOREST SERVICE—Continued

Current authorizations—Continued

FOREST PROTECTION AND UTILIZATION—Continued

(b) *Fighting forest fires.*—This provides for employment of additional manpower and other facilities for forest fire emergencies which cannot be met by the fire control organization provided under national forest protection and management. Costs above the amounts estimated for the current and budget year are authorized to be met from advances from other Forest Service appropriations (repayments of such advances were made in 1960 and 1961 to Expenses, brush disposal). In addition, a supplemental appropriation for fighting forest fires is anticipated for 1961 under Proposed for later transmission.

	1960 actual	1961 estimate	1962 estimate
Forest fires controlled (number)-----	9,497	12,500	10,000
Area burned (acres)-----	272,561	440,000	200,000

(c) *Insect and disease control.*—Activities to suppress and control destructive insects and diseases that threaten timber areas include two types of work carried on jointly by Federal, State, and private agencies: (1) Surveys on forest lands to detect and appraise infestations of forest insects and infections of tree diseases and determination of protective measures to be taken, and (2) control operations to suppress or eradicate forest insects and diseases, including white pine blister rust.

(d) *Acquisition of lands.*—Lands are purchased to protect the watersheds of navigable streams and to increase the production of timber with the approval of the National Forest Reservation Commission. The present program is only for purchase of small tracts within the 55 approved purchase areas.

2. *Forest research.*—Research is conducted at nine regional forest experiment stations, the Forest Products Laboratory, and elsewhere.

(a) *Forest and range management.*—This research provides private and public land managers and owners with a sound basis for management of timber, forage, and watershed lands. Studies are conducted to maintain a sustained yield of products at the lowest possible costs; increase forage for domestic livestock and improve habitat for wildlife without damage to soil, watershed, or other values; assure maximum regular flow of usable water, and reduce floods and sedimentation; and improve methods for developing and managing recreation resources.

(b) *Forest protection.*—Research is conducted to develop sound measures for the protection of forests from damage by fire, insects, and diseases. Forest fire research provides improved methods of predicting fire danger, preparing for, and combating fire by combinations of ground and aerial methods. Insect and disease research develops direct controls, silvicultural measures, and biological agents to combat forest pests.

(c) *Forest products utilization.*—Studies are conducted to develop new and improved forest products, reduction and utilization of waste, and use of low-quality wood and less-desirable species. They include studies to reduce costs of logging and wood utilization, and to develop basic knowledge of wood and disseminate this to forest owners, manufacturers, fabricators, and consumers.

(d) *Forest resources.*—These investigations are conducted to inventory and appraise the condition of forest lands, volume and quality of standing timber, ownership of timber resources, annual growth and depletion, and the potential need for timber products. Studies of the eco-

nomics of forest crop production and of marketing of forest products are also included.

MAIN WORKLOAD FACTORS

[Acres in millions]

	1960 actual	1961 estimate	1962 estimate
Initial surveys (annual)-----	28	30	30
Initial surveys (cumulative since 1930)---	577	607	637
To be surveyed (total) ¹ -----	193	163	133
Resurveys (annual)-----	43	30	30

¹ Includes all of Alaska and Hawaii.

(e) *Forest research construction.*—The budget estimate provides for construction of a laboratory at Riverside, Calif., for research on forest fire control problems of the Pacific Southwest.

3. *State and private forestry cooperation.*—This program, carried on in cooperation with the States, encourages private timber management. Privately owned forest lands comprise three-fourths of the Nation's commercial forest area and produce about 85% of all timber cut.

(a) *Forest fire control.*—Assistance is furnished 48 States in preventing and suppressing forest fires on private and State owned lands by financial aid, training, procurement of equipment, and a nationwide fire prevention campaign. About 92% of the 435 million acres of non-Federal ownership is now partially covered. During 1959 the acreage burned on protected areas was 0.42% as against an estimated 4.63% on unprotected lands. Of the total expenditures under this program, 79% is contributed by States and counties, 4% by private owners, and 17% by the Federal Government.

(b) *Forest tree planting.*—To encourage woodland owners to reforest unproductive portions of their holdings, and farmers to plant wind barriers around their fields and farmsteads—a total of more than 47 million acres altogether—the States provide planting stock at less than cost. The Federal Government shares the cost of producing the stock with the State and private landowners.

(c) *Forest management and processing.*—In cooperation with State foresters, 452 projects in 2,091 counties are operated to aid small woodland owners in applying good management to their timber holdings. In 1960 these projects covered some 82,188 owners and 4.1 million acres.

(d) *General forestry assistance.*—Technical forest management assistance is provided to State, community, private, and other Federal agencies, forest industries, colleges, and landowners.

5. *Relation of costs to obligations.*—The relationship is derived from year-end balances of selected resources and applicable adjustment as reflected in the following table (in thousands of dollars):

	1959 actual	1960 actual	1961 estimate	1962 estimate
Selected resources at end of year:				
Inventories and items on order: Stores (goods unconsumed by projects)-----	2,219	2,344	2,500	2,500
Unpaid undelivered orders (appropriation balances obligated for goods and services on order not yet received)----	7,802	4,494	5,750	7,250
Advances (payment for goods and services on order not yet received)-----	123	103	120	120
Total selected resources at end of year-----	10,144	6,941	8,370	9,870
Selected resources at start of year (—)-----		—10,144	—6,941	—8,370
Adjustment of selected resources reported at start of year-----		102	-----	-----
Costs financed from obligations of other years, net (—)-----		—3,101	-----	-----
Obligations incurred for costs of other years, net----		-----	1,429	1,500

Object Classification (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
FOREST SERVICE			
11 Personnel compensation:			
Permanent positions.....	52,555	61,262	63,590
Positions other than permanent.....	12,265	13,896	16,592
Other personnel compensation.....	10,034	2,305	2,805
Total personnel compensation.....	74,854	77,463	82,987
12 Personnel benefits.....	4,230	5,472	5,747
21 Travel and transportation of persons.....	4,188	4,439	4,842
22 Transportation of things.....	5,177	4,858	5,221
23 Rent, communications, and utilities.....	2,833	2,505	2,821
24 Printing and reproduction.....	848	1,037	1,060
25 Other services.....	8,069	4,945	5,536
Services of other agencies.....	3,186	2,799	3,119
26 Supplies and materials.....	9,914	7,489	8,707
31 Equipment.....	2,821	2,711	3,466
32 Lands and structures.....	2,041	3,634	4,857
41 Grants, subsidies, and contributions.....	11,251	11,306	12,755
42 Insurance claims and indemnities.....	83	64	64
44 Refunds.....	1,623	799	-----
Subtotal.....	131,119	129,521	141,982
Deduct quarters and subsistence charges.....	1,206	1,180	1,238
Total, Forest Service.....	129,913	128,341	139,944
ALLOCATION TO DEPARTMENT OF THE INTERIOR			
11 Personnel compensation:			
Permanent positions.....	84	84	85
Positions other than permanent.....	238	222	233
Other personnel compensation.....	28	27	27
Total personnel compensation.....	349	333	345
12 Personnel benefits.....	12	13	13
21 Travel and transportation of persons.....	8	12	12
22 Transportation of things.....	1	1	1
23 Rent, communications, and utilities.....	8	9	9
25 Other services.....	106	88	94
26 Supplies and materials.....	73	61	69
31 Equipment.....	23	18	17
Total, Department of the Interior.....	580	535	560
Total obligations.....	130,493	128,876	140,504

Personnel Summary

FOREST SERVICE			
Total number of permanent positions.....	10,141	10,990	11,424
Full-time equivalent of other positions.....	4,873	4,012	4,728
Average number of all employees.....	13,910	13,683	14,789
Number of employees at end of year.....	20,048	21,336	22,636
Average GS grade.....	6.9	7.0	7.0
Average GS salary.....	\$5,605	\$6,068	\$6,069
Average salary of ungraded positions.....	\$4,724	\$4,808	\$4,799
ALLOCATION TO DEPARTMENT OF THE INTERIOR			
Total number of permanent positions.....	14	12	12
Full-time equivalent of other positions.....	61	54	57
Average number of all employees.....	78	71	74
Number of employees at end of year.....	212	190	198
Average GS grade.....	7.0	6.8	6.8
Average GS salary.....	\$5,442	\$5,661	\$5,781
Average salary of ungraded positions.....	\$4,618	\$4,618	\$4,618

FOREST ROADS AND TRAILS (LIQUIDATION OF CONTRACT AUTHORIZATION)

For expenses necessary for carrying out the provisions of title 23, United States Code, sections 203 and 205, relating to the construction and maintenance of forest development roads and trails,

[\$30,000,000] \$35,000,000, to remain available until expended, for liquidation of obligations incurred pursuant to authority contained in title 23, United States Code, section 203: *Provided*, That funds available under the Act of March 4, 1913 (16 U.S.C. 501), shall be merged with and made a part of this appropriation: *Provided further*, That not less than the amount made available under the provisions of the Act of March 4, 1913, shall be expended under the provisions of such Act. (5 U.S.C. 565a; 23 U.S.C. 125; 74 Stat. 522; Department of the Interior and Related Agencies Appropriation Act, 1961.)

Program and Financing (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
1. Construction of roads and trails.....	29,393	33,063	36,870
2. Maintenance of roads and trails.....	11,075	11,000	11,000
Total program costs ¹	40,468	44,063	47,870
3. Relation of costs to obligations: Obligations incurred for costs of other years, net.....	1,508	500	1,000
Total obligations.....	41,976	44,563	48,870
Financing:			
Unobligated balance brought forward (contract authorization).....	-30,499	-30,393	-35,000
Unobligated balance carried forward (contract authorization).....	30,393	35,000	37,500
New obligational authority.....	41,870	49,170	51,370
New obligational authority:			
Permanent contract authorization (new) (74 Stat. 522; 23 U.S.C. 203).....	30,000	35,000	40,000
Permanent indefinite appropriation (16 U.S.C. 501).....	11,870	14,170	11,370

Status of Unfunded Contract Authorization (in thousands of dollars)

Unfunded balance brought forward.....	38,664	40,664	45,664
Permanent contract authorization (new).....	30,000	35,000	40,000
Unfunded balance carried forward.....	-40,664	-45,664	-50,664
Appropriation to liquidate contract authorization.....	28,000	30,000	35,000

¹ Includes capital outlay as follows: 1960, \$25,537 thousand; 1961, \$28,500 thousand; 1962, \$30,300 thousand.

Roads and trails are essential to protection and management of national forests and utilization of their resources. The system consists of approximately 156,000 miles of earth- or gravel-surfaced roads and 108,500 miles of supplemental trails.

The Federal Highway Act of 1960, approved July 14, 1960, Public Law 86-657, provides authorizations of \$35 million for 1962 and \$40 million for 1963. These authorizations are available for obligation a year in advance of the year for which authorized. The program level for roads and trails proposed in this budget for the second year of the program for the national forests is \$37.5 million. The 1962 program will involve the construction and reconstruction of about 335 miles of general purpose roads and about 465 miles of timber access roads to harvest national forest timber, a total of approximately 800 miles. This compares with 851 miles built in 1960 and 646 miles being built in 1961.

Of the amounts received annually from national forest activities 10% is available under the permanent appropriation Roads and trails for States, for construction and maintenance within the State from which such proceeds

FOREST SERVICE—Continued

Current authorizations—Continued

FOREST ROADS AND TRAILS (LIQUIDATION OF CONTRACT AUTHORIZATION)—Continued

are derived. Such amounts are merged with this appropriation for obligational purposes.

3. *Relation of costs to obligations.*—The relationship is derived from year-end balances of selected resources as reflected in the following table (in thousands of dollars):

	1959 actual	1960 actual	1961 estimate	1962 estimate
Selected resources at end of year:				
Unpaid undelivered orders (appropriation balances obligated for goods and services on order not yet received).....	6,815	8,355	8,843	9,843
Advances (payment for goods and services on order not yet received).....	40	8	20	20
Total selected resources at end of year.....	6,855	8,363	8,863	9,863
Selected resources at start of year.....	—6,855	—8,363	—8,863	—8,863
Obligations incurred for costs of other years, net....		1,508	500	1,000

Object Classification (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
FOREST SERVICE			
11 Personnel compensation:			
Permanent positions.....	12,176	14,495	14,495
Positions other than permanent.....	5,133	6,206	6,206
Other personnel compensation.....	382	407	407
Total personnel compensation.....	17,691	21,108	21,108
12 Personnel benefits.....	1,016	1,367	1,367
21 Travel and transportation of persons.....	1,194	1,196	1,196
22 Transportation of things.....	2,298	2,332	2,332
23 Rent, communications, and utilities.....	588	613	613
24 Printing and reproduction.....	121	133	133
25 Other services.....	3,941	4,130	4,430
Services of other agencies.....	1,149	1,151	1,551
26 Supplies and materials.....	3,873	3,535	3,985
31 Equipment.....	1,016	894	894
32 Lands and structures.....	6,723	6,803	10,011
42 Insurance claims and indemnities.....	25	6	6
44 Refunds.....		4	4
Subtotal.....	39,635	43,272	47,630
Deduct quarters and subsistence charges.....	217	241	260
Total, Forest Service.....	39,418	43,031	47,370
ALLOCATION TO BUREAU OF PUBLIC ROADS			
11 Personnel compensation:			
Permanent positions.....	282	299	303
Positions other than permanent.....	95	96	96
Other personnel compensation.....	8	7	6
Total personnel compensation.....	386	402	405
12 Personnel benefits.....	24	24	24
21 Travel and transportation of persons.....	97	97	97
23 Rent, communications, and utilities.....	66	66	66
24 Printing and reproduction.....	1	1	1
25 Other services.....	14	14	14
Services of other agencies.....	287	287	287
26 Supplies and materials.....	22	22	22
31 Equipment.....	2	2	2
32 Lands and structures.....	1,659	617	582
Total, Bureau of Public Roads.....	2,558	1,532	1,500
Total obligations.....	41,976	44,563	48,870

Personnel Summary

	1960 actual	1961 estimate	1962 estimate
FOREST SERVICE			
Total number of permanent positions.....	2,464	2,698	2,698
Full-time equivalent of other positions.....	1,515	1,717	1,717
Average number of all employees.....	3,801	4,290	4,290
Number of employees at end of year.....	4,994	5,614	5,614
Average GS grade.....	6.9	7.0	7.0
Average GS salary.....	\$5,605	\$6,068	\$6,069
Average salary of ungraded positions.....	\$4,724	\$4,808	\$4,799
ALLOCATION TO BUREAU OF PUBLIC ROADS			
Total number of permanent positions.....	100	100	100
Full-time equivalent of other positions.....	26	26	26
Average number of all employees.....	77	77	77
Number of employees at end of year.....	44	45	45
Average GS grade.....	8.3	8.3	8.4
Average GS salary.....	\$6,724	\$7,305	\$7,474

ACCESS ROADS

For acquiring by condemnation or otherwise additional roads needed for access to national-forest lands in carrying out the Act of June 4, 1897, as amended (16 U.S.C. 471, 472, 475, 476, 551), \$1,000,000, to remain available until expended. (*Department of the Interior and Related Agencies Appropriation Act, 1961.*)

Program and Financing (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
Access roads (total costs—obligations) (object class 32).....		2,000	1,000
Financing:			
Unobligated balance brought forward.....		—1,000	
Unobligated balance carried forward.....	1,000		
New obligational authority (appropriation).....	1,000	1,000	1,000

Full or partial interest in existing roads or rights-of-way is purchased (or obtained by condemnation if purchase negotiations fail) to provide access to national-forest areas where road access is a serious problem.

ACQUISITION OF LANDS FOR NATIONAL FORESTS

SUPERIOR NATIONAL FOREST

For the acquisition of forest land within the Superior National Forest, Minnesota, under the provisions of the Act of June 22, 1948 (62 Stat. 570; 16 U.S.C. 577c-h), as amended, by purchase, condemnation or otherwise, **["\$750,000"] \$250,000**, to remain available until expended and to be available without regard to the restriction in the proviso in section 1 of that Act: *Provided*, That no part of this appropriation shall be used for the acquisition of any land without the approval of the local government concerned. (*Department of the Interior and Related Agencies Appropriation Act, 1961.*)

Program and Financing (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
1. Acquisition of lands for Superior National Forest (total program costs) ¹	127	751	250
2. Relation of costs to obligations: Costs financed from obligations of other years, net (—).....	—113		
Total obligations.....	14	751	250

¹ Includes capital outlay as follows: 1960, \$127 thousand; 1961, \$729 thousand; 1962, \$228 thousand.

Program and Financing (in thousands of dollars)—Continued

	1960 actual	1961 estimate	1962 estimate
Financing:			
Unobligated balance brought forward.....	-15	-1	-----
Unobligated balance carried forward.....	1	-----	-----
New obligational authority (appropriation)	-----	750	250

As of June 30, 1960, approximately 38 thousand acres of land have been acquired to preserve the wilderness conditions of part of the Superior National Forest in Minnesota. The appropriation proposed under existing legislation will complete the current authorization of \$2.5 million. Legislation is being proposed to increase the total authorization to \$4.5 million, primarily for acquiring the improved tracts within this wilderness area. If the proposed legislation is approved, a supplemental appropriation for 1962 will be required to complete the program contemplated by the additional authorization.

2. *Relation of costs to obligations.*—Year-end balances of unpaid undelivered orders are as follows: 1959, \$149 thousand; 1960, \$36 thousand; 1961, \$36 thousand; 1962, \$36 thousand.

Object Classification (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
11 Personnel compensation: Permanent positions.....	-----	12	12
12 Personnel benefits.....	-----	1	1
21 Travel and transportation of persons.....	-----	2	2
25 Other services.....	-----	7	7
32 Lands and structures.....	14	729	228
Total obligations	14	751	250

Personnel Summary

Total number of permanent positions.....	-----	2	2
Average number of all employees.....	-----	2	2
Number of employees at end of year.....	-----	2	2
Average GS grade.....	-----	7.0	7.0
Average GS salary.....	-----	\$6,068	\$6,069

SPECIAL ACTS

(Special fund)

For the acquisition of land in the Cache National Forest, Utah, in accordance with the Act of May 11, 1938 (52 Stat. 347), as amended, \$10,000, to be derived from forest receipts as authorized by said Act: *Provided*, That no part of this appropriation shall be used for acquisition of any land which is not within the boundaries of a national forest: *Provided further*, That no part of this appropriation shall be used for the acquisition of any land without the approval of the local government concerned. (*Department of the Interior and Related Agencies Appropriation Act, 1961.*)

Program and Financing (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
1. Cache National Forest, Utah (total program costs ¹).....	2	10	10

¹ Includes capital outlay as follows: 1960, \$4 thousand; 1961, \$4 thousand; 1962 \$4 thousand.

Program and Financing (in thousands of dollars)—Continued

	1960 actual	1961 estimate	1962 estimate
Program by activities—Continued			
2. Relation of costs to obligations: Obligations incurred for costs of other years, net.....	8	-----	-----
Total obligations	10	10	10
Financing:			
New obligational authority (appropriation).....	10	10	10

Based on agreements with certain counties in Utah, national forest receipts, including portions which would normally be paid to county road and school funds, are appropriated for purchase of privately owned lands within the Cache National Forest to aid in the control of soil erosion and flood damage.

2. *Relation of costs to obligations.*—Year-end balances of unpaid undelivered orders are as follows: 1959, \$19 thousand; 1959 (adjusted), \$16 thousand; 1960, \$24 thousand; 1961, \$24 thousand; 1962, \$24 thousand.

Object Classification (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
11 Personnel compensation: Permanent positions.....	1	1	1
32 Lands and structures.....	9	9	9
Total obligations	10	10	10

Personnel Summary

Total number of permanent positions.....	1	1	1
Average number of all employees.....	1	1	1
Number of employees at end of year.....	0	0	0
Average GS grade.....	6.9	7.0	7.0
Average GS salary.....	\$5,605	\$6,068	\$6,069

CACHE NATIONAL FOREST

Program and Financing (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
1. Acquisition of lands for Cache National Forest (total program costs ¹).....	16	133	-----
2. Relation of costs to obligations: Costs financed from obligations of other years, net (—).....	-1	-11	-----
Total obligations	15	122	-----
Financing:			
Unobligated balance brought forward.....	-88	-122	-----
Unobligated balance carried forward.....	122	-----	-----
New obligational authority (appropriation)	50	-----	-----

¹ Includes capital outlay as follows: 1960, \$12 thousand; 1961, \$118 thousand.

Lands are acquired within the Cache National Forest, Utah, to enable control and minimization of soil erosion

FOREST SERVICE—Continued**Current authorizations—Continued****ACQUISITION OF LANDS FOR NATIONAL FORESTS—Continued****CACHE NATIONAL FOREST—continued**

and flood damage. The 1960 appropriation completed the authorization of \$200 thousand.

2. *Relation of costs to obligations.*—Year-end balances of unpaid undelivered orders are as follows: 1959, \$12 thousand; 1960, \$11 thousand.

Object Classification (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
11 Personnel compensation: Permanent positions-----	3	4	-----
32 Lands and structures-----	12	118	-----
Total obligations-----	15	122	-----

Personnel Summary

Total number of permanent positions-----	1	1	-----
Average number of all employees-----	1	1	-----
Number of employees at end of year-----	0	0	-----
Average GS grade-----	6.9	7.0	-----
Average GS salary-----	\$5,605	\$6,068	-----

COOPERATIVE RANGE IMPROVEMENTS

(Special fund)

For artificial revegetation, construction, and maintenance of range improvements, control of rodents, and eradication of poisonous and noxious plants on national forests in accordance with section 12 of the Act of April 24, 1950 (16 U.S.C. 580h), to be derived from grazing fees as authorized by said section, \$700,000, to remain available until expended. (*Department of the Interior and Related Agencies Appropriation Act, 1961.*)

Program and Financing (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
Advanced to "Forest protection and utilization" (total costs—obligations) (object class 25)-----	700	700	700
Financing:			
New obligational authority (appropriation)---	700	700	700

Part of the grazing fees from the national forests, when appropriated, are used to protect or improve the productivity of the range, mainly by construction and maintenance of fences, stock watering facilities, bridges, corrals, and driveways. These funds are advanced to and merged with the appropriation Forest protection and utilization, subappropriation Forest land management.

ASSISTANCE TO STATES FOR TREE PLANTING**Program and Financing (in thousands of dollars)**

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
1. Tree planting assistance (total program costs)-----	3	3	-----
2. Relation of costs to obligations: Costs financed from obligations of other years, net (--)-----	-1	-3	-----
Total obligations (object class 41)-----	2	-----	-----
Financing:			
Unobligated balance brought forward-----	-2	-----	-----
New obligational authority (appropriation)-----	-----	-----	-----

2. *Relation of costs to obligations.*—Year-end balances of unpaid undelivered orders are as follows: 1959, \$4 thousand; 1960, \$3 thousand.

GENERAL PROVISIONS, FOREST SERVICE

SEC. 201. Appropriations available to the Forest Service for the current fiscal year shall be available for: (a) purchase of not to exceed [ninety-eight] one hundred and fifty passenger motor vehicles of which one hundred and thirty-five shall be for replacement only, and hire of such vehicles; operation and maintenance of aircraft and the purchase of not to exceed [four of which two shall be] two for replacement only; (b) employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (5 U.S.C. 574), as amended by section 15 of the Act of August 2, 1946 (5 U.S.C. 55a), in an amount not to exceed \$25,000; (c) uniforms, or allowances therefor, as authorized by the Act of September 1, 1954, as amended (5 U.S.C. 2131); (d) purchase, erection, and alteration of buildings and other public improvements (5 U.S.C. 565a); [and] (e) expenses of the National Forest Reservation Commission as authorized by section 14 of the Act of March 1, 1911 (16 U.S.C. 514); and (f) acquisition of land and interests therein for sites for administrative purposes, pursuant to the Act of August 3, 1956 (7 U.S.C. 488a).

SEC. 202. Except to provide materials required in or incident to research or experimental work where no suitable domestic product is available, no part of the funds appropriated to the Forest Service shall be expended in the purchase of twine manufactured from commodities or materials produced outside of the United States.

SEC. 203. No part of any appropriation to the Forest Service in this Act shall be used for publicity or propaganda purposes to support or defeat legislation pending before the Congress.]

SEC. [204] 203. Funds appropriated under this Act shall not be used for acquisition of forest lands under the provisions of the Act approved March 1, 1911, as amended (16 U.S.C. 513-519, 521), where such land is not within the boundaries of a national forest nor shall these lands or lands authorized for purchase in Sanders County, Montana, be acquired without approval of the local government concerned. (*Department of the Interior and Related Agencies Appropriation Act, 1961.*)

ALLOCATIONS AND ALLOTMENTS RECEIVED FROM OTHER ACCOUNTS

Note.—Obligations incurred under allocations or allotments from other accounts are included in the schedule of the parent appropriation as follows:

- "Watershed protection," Soil Conservation Service.
- "Flood prevention," Soil Conservation Service.
- "Agricultural conservation program," Agricultural Conservation Program Service.
- "Great Plains conservation program," Soil Conservation Service.
- "Conservation reserve program," Commodity Stabilization Service.
- "Construction, general," Corps of Engineers—Civil.
- "Mutual security—economic," funds appropriated to the President.
- "Civil defense and defense mobilization functions of Federal agencies," Office of Civil and Defense Mobilization.

Permanent authorizations:**EXPENSES, BRUSH DISPOSAL**

(Indefinite special fund)

Program and Financing (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
1. Brush disposal.....	5,646	6,700	7,000
2. Advance to "Forest protection and utilization" for fighting forest fires.....	799		
Total program costs ¹	6,445	6,700	7,000
3. Relation of costs to obligations: Costs financed from obligations of other years, net (—).....	—61		
Total obligations.....	6,384	6,700	7,000
Financing:			
Unobligated balance brought forward.....	—1,828	—4,289	—5,888
Repayment of prior year advance for fighting forest fires.....	—1,623	—799	
Unobligated balance carried forward.....	4,289	5,888	6,388
New obligational authority (appropriation).....	7,222	7,500	7,500

¹ Includes capital outlay as follows: 1960, \$412 thousand; 1961, \$500 thousand; 1962, \$515 thousand.

Payments made for this purpose by purchasers of national-forest timber are used to dispose of or treat slash and other debris that result from cutting operations (16 U.S.C. 490).

2. In 1959 and 1960, funds were advanced to the appropriation Forest protection and utilization for fighting forest fires and repayment made from the subsequent year appropriation (31 U.S.C. 534).

3. *Relation of costs to obligations.*—The year-end balances of unpaid undelivered orders are as follows: 1959, \$161 thousand; 1960, \$100 thousand; 1961, \$100 thousand; 1962, \$100 thousand.

Object Classification (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
11 Personnel compensation:			
Permanent positions.....	1,486	1,734	1,734
Positions other than permanent.....	2,155	2,551	2,739
Other personnel compensation.....	275	272	284
Total personnel compensation.....	3,916	4,557	4,757
12 Personnel benefits.....	171	231	242
21 Travel and transportation of persons.....	74	97	101
22 Transportation of things.....	306	365	381
23 Rent, communications, and utilities.....	94	123	128
24 Printing and reproduction.....	7	8	8
25 Other services.....	1,152	412	431
Services by other agencies.....	164	202	211
26 Supplies and materials.....	322	434	454
31 Equipment.....	185	231	241
32 Lands and structures.....	132	180	188
41 Grants, subsidies, and contributions.....		11	11
42 Insurance claims and indemnities.....	12	11	11
44 Refunds.....		6	6
Subtotal.....	6,534	6,868	7,170
Deduct quarters and subsistence charges.....	150	168	170
Total obligations.....	6,384	6,700	7,000

Personnel Summary

	1960 actual	1961 estimate	1962 estimate
Total number of permanent positions.....	265	301	301
Full-time equivalent of other positions.....	630	706	757
Average number of all employees.....	957	1,064	1,115
Number of employees at end of year.....	1,676	1,697	1,925
Average GS grade.....	6.9	7.0	7.0
Average GS salary.....	\$5,605	\$6,068	\$6,069
Average salary of ungraded positions.....	\$4,724	\$4,808	\$4,799

OTHER FOREST SERVICE PERMANENT APPROPRIATIONS

(Indefinite special funds unless otherwise indicated)

Program and Financing (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
1. Forest fire prevention.....	12	24	20
2. Restoration of forest lands and improvements.....	6	107	100
3. Payment to Minnesota.....	121	123	123
4. Payments due counties, submarginal land program.....	453	425	425
5. Payments to school funds, Arizona and New Mexico.....	114	140	140
6. Payments to States and Territories.....	29,669	35,400	28,400
7. Construction of warehouse and related facilities, Salt Lake City, Utah.....		25	
Total program costs ¹	30,375	36,244	29,208
8. Relation of costs to obligations: Costs financed from obligations of other years, net (—).....	—1		
Total obligations.....	30,374	36,244	29,208
Financing:			
Unobligated balance brought forward.....	—8	—36	
Unobligated balance carried forward.....	36		
New obligational authority.....	30,402	36,208	29,208

New obligational authority:			
"Forest fire prevention".....	14	20	20
"Restoration of forest lands and improvements".....	6	100	100
"Payment to Minnesota (Cook, Lake, and St. Louis Counties) from the national forests fund".....	121	123	123
"Payments due counties, submarginal land program, Farm Tenant Act".....	453	425	425
"Payments to school funds, Arizona and New Mexico, act of June 20, 1910" (indefinite general fund).....	114	140	140
"Payments to States and Territories from the national forests fund".....	29,669	35,400	28,400
"Construction of warehouse and related facilities, Salt Lake City, Utah".....	25		
Appropriation.....	30,402	36,208	29,208

¹ Includes capital outlay in 1961 of \$23 thousand.

1. *Forest fire prevention.*—Fees for the use of the character "Smokey Bear" by private enterprises are collected under regulations promulgated by the Secretary and are available for furthering the nationwide forest fire prevention campaign (18 U.S.C. 711).

FOREST SERVICE—Continued

Permanent authorizations—Continued

OTHER FOREST SERVICE PERMANENT APPROPRIATIONS—Continued

2. *Restoration of forest lands and improvements.*—Funds received from settlement of claims involving damage to lands or improvements and from forfeiture of deposits and bonds by permittees and timber purchasers are used for the restoration made necessary by the action which led to the settlement or forfeiture (16 U.S.C. 556c).

3. *Payment to Minnesota.*—At the close of each fiscal year the State of Minnesota is paid 0.75% of the appraised value of certain Superior National Forest lands in the counties of Cook, Lake, and St. Louis for distribution to these counties (16 U.S.C. 577g).

4. *Payments due counties, submarginal land program.*—Of the revenues received from the use of submarginal lands, 25% is paid to the counties in which such land is situated for school and road purposes (7 U.S.C. 1012).

5. *Payments to school funds, Arizona and New Mexico.*—The States of Arizona and New Mexico are paid a share of the national forest receipts for school purposes (36 Stat. 562, 573).

6. *Payments to States and Territories.*—With minor exceptions, 25% of the money received from the national forests is paid to the States and Territories for public schools and roads of the county in which such forests are situated (16 U.S.C. 500).

8. *Relation of costs to obligations.*—The year-end balances of unpaid undelivered orders are as follows: 1959, \$2 thousand; 1960, \$1 thousand; 1961, \$1 thousand; 1962, \$1 thousand.

Object Classification (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
11 Personnel compensation:			
Permanent positions.....	7	17	17
Positions other than permanent.....	3	29	29
Other personnel compensation.....	1	1	1
Total personnel compensation.....	11	47	47
12 Personnel benefits.....		4	4
21 Travel and transportation of persons.....		4	4
22 Transportation of things.....	1	12	10
23 Rent, communications, and utilities.....		1	1
24 Printing and reproduction.....		1	1
25 Other services.....	2	25	25
26 Supplies and materials.....	1	39	28
31 Equipment.....		2	
32 Lands and structures.....		21	
41 Grants, subsidies, and contributions.....	30,357	36,088	29,088
44 Refunds.....	1		
Total obligations.....	30,374	36,244	29,208

Personnel Summary

Total number of permanent positions.....	3	3	3
Full-time equivalent of other positions.....	1	7	7
Average number of all employees.....	2	11	11
Number of employees at end of year.....	3	3	3
Average GS grade.....	6.9	7.0	7.0
Average GS salary.....	\$5,605	\$6,068	\$6,069

Intragovernmental funds:

WORKING CAPITAL FUND, FOREST SERVICE

This fund finances on a reimbursable basis various services such as repairing and replacing equipment, including aircraft, stocking and issuing supplies, operation of photographic and reproduction facilities, and tree nurseries in support of programs of the Forest Service (16 U.S.C. 579b). These service activities facilitate the operation of programs of fire protection, timber utilization, construction and maintenance of roads and other improvements, reforestation, grazing, watershed, forest and forest products research, and kindred conservation activities of the Forest Service, including cooperative assistance with other Federal agencies, States, counties, and individuals engaged in the same objectives.

Operating results and financial condition.—Government investment in the fund as of June 30, 1960, including donated assets at its inception and retained earnings for 1960, is \$20,518 thousand. By the end of 1962 the investment is anticipated to be \$23,747 thousand, an increase of \$3,229 thousand, which represents estimated earnings and donations during 1961 and 1962. Earnings are retained to furnish adequate working capital.

Sources and Application of Funds (Operations) (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Gross expenditures (funds applied):			
Equipment rental and service:			
Acquisition of equipment.....	3,422	4,266	4,625
Expense:			
Purchase of commodities for sale.....	1,876	3,318	3,550
Other expense.....	5,737	5,599	5,505
Aircraft rental:			
Acquisition of equipment.....	75	10	50
Expense:			
Purchase of commodities for sale.....	13	50	50
Other expense.....	387	475	500
Supply service:			
Acquisition of equipment.....	30	22	20
Expense:			
Purchase of commodities for sale.....	2,536	3,030	3,200
Other expense.....	1,744	1,900	2,255
Nurseries:			
Acquisition of equipment.....	1	2	5
Expense:			
Purchase of commodities for sale.....	439	202	200
Other expense.....	125	1,047	1,240
Increase in selected working capital.....	34		
Total gross expenditures.....	16,419	19,921	21,200
Receipts from operations (funds provided):			
Equipment rental and service:			
Revenue.....	11,539	12,311	12,790
Proceeds from sale of equipment.....	625	600	700
Aircraft rental:			
Revenue.....	516	625	710
Proceeds from sale of equipment.....	33		
Supply service: Revenue.....	3,980	4,970	5,500
Nurseries: Revenue.....	167	1,294	1,500
Adjustment of prior year donations, affecting working capital.....	56		
Decrease in selected working capital.....		221	
Total receipts from operations.....	16,917	20,021	21,200
Budget expenditures.....	-498	-100	

Revenue, Expense, and Retained Earnings (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Equipment rental and service:			
Revenue.....	11,539	12,311	12,790
Expense.....	11,005	11,857	12,740
Net operating income, equipment rental and service.....	534	454	50
Aircraft rental:			
Revenue.....	516	625	710
Expense.....	499	625	700
Net operating income, aircraft rental.....	17		10
Supply service:			
Revenue.....	3,980	4,970	5,500
Expense.....	3,971	4,952	5,480
Net operating income, supply service.....	9	18	20
Nurseries:			
Revenue.....	167	1,294	1,500
Expense.....	163	1,287	1,480
Net operating income, nurseries.....	4	7	20
Nonoperating income:			
Proceeds from sale of equipment.....	658	600	700
Net book value of equipment sold (—).....	—281	—250	—400
Net nonoperating income.....	377	350	300
Net income for the year.....	941	829	400
Retained earnings, beginning of year.....	1,337	2,278	3,107
Retained earnings, end of year.....	2,278	3,107	3,507

Financial Condition (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Assets:			
Cash with Treasury.....	2,443	2,543	2,543
Accounts receivable, net.....	2,436	2,436	2,514
Advances.....	2	2	
Commodities, materials, and supplies.....	2,227	2,527	2,527
Equipment, buildings, and other structures, net.....	16,113	17,764	19,163
Deferred charges.....	21		
Total assets.....	23,243	25,272	26,747
Liabilities:			
Current.....	2,725	2,925	3,000
Government investment:			
Non-interest-bearing capital:			
Start of year.....	15,797	18,240	19,240
Assets donated during the year, net.....	2,387	1,000	1,000
Adjustment of prior year donations, affecting working capital.....	56		
End of year.....	18,240	19,240	20,240
Retained earnings.....	2,278	3,107	3,507
Total Government investment.....	20,518	22,347	23,747

Note.—Unpaid undelivered orders are as follows: 1959, \$1,032 thousand; 1960, \$1,992 thousand; 1961, \$2,628 thousand; 1962, \$2,700 thousand.

Object Classification (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
11 Personnel compensation:			
Permanent positions.....	3,591	4,107	4,107
Positions other than permanent.....	483	738	838
Other personnel compensation.....	246	152	155
Total personnel compensation.....	4,320	4,997	5,100

Object Classification (in thousands of dollars)—Continued

	1960 actual	1961 estimate	1962 estimate
12 Personnel benefits.....	361	432	460
21 Travel and transportation of persons.....	177	219	225
22 Transportation of things.....	393	520	530
23 Rent, communications, and utilities.....	280	299	310
24 Printing and reproduction.....	41	42	45
25 Other services.....	1,242	1,319	1,386
Services of other agencies.....	43	40	40
26 Supplies and materials.....	5,941	7,643	7,779
31 Equipment.....	4,567	5,023	5,393
42 Insurance claims and indemnities.....	1	2	2
Total obligations.....	17,366	20,536	21,270

Personnel Summary

Total number of permanent positions.....	673	723	723
Full-time equivalent of other positions.....	124	186	211
Average number of all employees.....	803	921	946
Number of employees at end of year.....	784	813	813
Average GS grade.....	6.9	7.0	7.0
Average GS salary.....	\$5,605	\$6,068	\$6,069
Average salary of ungraded positions.....	\$4,724	\$4,808	\$4,799

ADVANCES AND REIMBURSEMENTS

Program and Financing (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
1. Repair of equipment and sale of supplies, materials, and equipment to other activities of Forest Service; the Departments of Agriculture, Commerce, Interior, Defense, and Post Office; Veterans Administration; Atomic Energy Commission; and other agencies.....	650	1,000	1,000
2. Construction and maintenance of roads, trails, and other improvements.....	693	2,000	2,000
3. Forest fire protection and suppression.....	1,086	1,500	1,500
4. Surveys, land appraisals, mapping, cruising timber, and preparation of timber management plans, snow scale readings, etc., on national forest and other lands.....	365	971	971
5. Insect and disease control.....	102	200	200
6. Forest research at experimental forests and ranges.....	379	450	450
7. Investigations at Forest Products Laboratory.....	611	700	700
8. Forest resources surveys and investigations.....	86	100	100
9. Cooperation in forest fire control, forest management and processing, and forest tree planting.....	251	450	450
Total program costs ¹	4,222	7,371	7,371
10. Relation of costs to obligations: Obligations incurred for costs of other years, net.....	91		
Total obligations.....	4,313	7,371	7,371
Financing:			
Advances and reimbursement from—			
Other accounts.....	3,775	6,200	6,200
Non-Federal sources ²	538	1,171	1,171
Total financing.....	4,313	7,371	7,371

¹ Includes capital outlay as follows: 1960, \$659 thousand; 1961, \$1,000 thousand; 1962, \$1,000 thousand.

² Reimbursements from non-Federal sources above are primarily for sale of equipment, supplies, and materials; and for costs of suppressing forest fires on State and private forest lands adjacent to, or intermingled with, national forests under terms of written cooperative agreements (16 U.S.C. 372, 580, 580a); sale of personal property (40 U.S.C. 481(c)).

FOREST SERVICE—Continued**Intragovernmental funds—Continued****ADVANCES AND REIMBURSEMENTS—Continued**

10. *Relation of costs to obligations.*—Year-end balances of unpaid undelivered orders are as follows: 1960, \$91 thousand; 1961, \$91 thousand; 1962, \$91 thousand.

Object Classification (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
11 Personnel compensation:			
Permanent positions.....	1,275	1,510	1,510
Positions other than permanent.....	648	1,132	1,132
Other personnel compensation.....	104	184	178
Total personnel compensation.....	2,027	2,826	2,820
12 Personnel benefits.....	87	153	153
21 Travel and transportation of persons.....	82	222	222
22 Transportation of things.....	92	191	191
23 Rent, communications, and utilities.....	76	105	105
24 Printing and reproduction.....	31	41	41
25 Other services.....	571	1,150	1,153
Services of other agencies.....	578	960	960
26 Supplies and materials.....	599	1,100	1,103
31 Equipment.....	36	52	52
32 Lands and structures.....	134	537	537
41 Grants, subsidies, and contributions.....		38	38
Subtotal.....	4,313	7,375	7,375
Deduct quarters and subsistence charges.....		4	4
Total obligations.....	4,313	7,371	7,371

Personnel Summary

Total number of permanent positions.....	173	192	192
Full-time equivalent of other positions.....	167	281	281
Average number of all employees.....	374	526	526
Number of employees at end of year.....	251	249	249
Average GS grade.....	6.9	7.0	7.0
Average GS salary.....	\$5,605	\$6,068	\$6,069
Average salary of ungraded positions.....	\$4,724	\$4,808	\$4,799

Proposed for later transmission:**FOREST PROTECTION AND UTILIZATION****Program and Financing (in thousands of dollars)**

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
Forest land management: Fighting forest fires (total costs—obligations).....		31,500	
Financing:			
New obligational authority (proposed supplemental appropriation).....		31,500	

Under existing legislation, 1961.—A supplemental appropriation for 1961 is anticipated for fighting forest fires.

ACQUISITION OF LANDS, KLAMATH INDIANS**Program and Financing (in thousands of dollars)**

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
Acquisition of lands, Klamath Indians (total costs—obligations).....		68,717	
Financing:			
New obligational authority (proposed supplemental appropriation).....		68,717	

Under existing legislation, 1961.—A supplemental appropriation for 1961 in the amount of \$68,717 thousand is anticipated for acquisition of Klamath Indian lands under the act terminating Federal supervision over the Klamath Indian Tribe in Oregon (68 Stat. 718; 72 Stat. 816).

GENERAL PROVISIONS

SEC. 401. Within the unit limit of cost fixed by law, appropriations and authorizations made for the Department under this Act shall be available for the purchase, in addition to those specifically provided for, of not to exceed three hundred and [thirty-seven] ninety-eight passenger motor vehicles, of which three hundred and [thirty-two] eighty-five shall be for replacement only, and for the hire of such vehicles.

SEC. 402. Provisions of law prohibiting or restricting the employment of aliens shall not apply to employment under the appropriation for the Foreign Agricultural Service.

SEC. 403. Funds available to the Department of Agriculture shall be available for uniforms or allowances therefor as authorized by the Act of September 1, 1954, as amended (5 U.S.C. 2131).

SEC. 404. No part of the funds appropriated by this Act shall be used for the payment of any officer or employee of the Department who, as such officer or employee, or on behalf of the Department or any division, commission, or bureau thereof, issues, or causes to be issued, any prediction, oral or written, or forecast, except as to damage threatened or caused by insects and pests, with respect to future prices of cotton or the trend of same.

SEC. 405. Except to provide materials required in or incident to research or experimental work where no suitable domestic product is available, no part of the funds appropriated by this Act shall be expended in the purchase of twine manufactured from commodities or materials produced outside of the United States.

SEC. 406. Not less than \$1,500,000 of the appropriations of the Department for research and service work authorized by the Acts of August 14, 1946, July 28, 1954, and September 6, 1958 (7 U.S.C. 427, 1621-1629; [72 Stat. 1793] 42 U.S.C. 1891-1893), shall be available for contracting in accordance with said Acts.

[SEC. 407. No part of any appropriation contained in this Act or of the funds available for expenditure by any corporation or agency included in this Act shall be used for publicity or propaganda purposes to support or defeat legislation pending before the Congress.] (Department of Agriculture and Farm Credit Administration Appropriation Act, 1961.)

Object Classification (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
21 Travel and transportation of persons.....	-----	4	6
23 Rent, utilities, and communications.....	-----	1	1
24 Printing and reproduction.....	-----	1	2
25 Other services.....	-----	33	45
26 Supplies and materials.....	-----	1	1
Total obligations.....	-----	40	55

GENERAL PROVISIONS

DEPARTMENTS, AGENCIES, AND CORPORATIONS

SEC. 201. Unless otherwise specifically provided, the maximum amount allowable during the current fiscal year in accordance with section 16 of the Act of August 2, 1946 (5 U.S.C. 78), for the purchase of any passenger motor vehicle (exclusive of buses and ambulances), is hereby fixed at \$1,500 except station wagons for which the maximum shall be \$1,950.

SEC. 202. Unless otherwise specified and during the current fiscal year, no part of any appropriation contained in this or any other Act shall be used to pay the compensation of any officer or employee of the Government of the United States (including any agency the majority of the stock of which is owned by the Government of the United States) whose post of duty is in continental United States unless such person (1) is a citizen of the United States, (2) is a person in the service of the United States on the date of enactment of this Act who, being eligible for citizenship, had filed a declaration of intention to become a citizen of the United States prior to such date, (3) is a person who owes allegiance to the United States, or (4) is an alien from the Baltic countries lawfully admitted to the United States for permanent residence: *Provided*, That for the purpose of this section, an affidavit signed by any such person shall be considered prima facie evidence that the requirements of this section with respect to his status have been complied with: *Provided further*, That any person making a false affidavit shall be guilty of a felony and, upon conviction, shall be fined not more than \$4,000 or imprisoned for not more than one year, or both: *Provided further*, That the above penal clause shall be in addition to, and not in substitution for, any other provisions of existing law: *Provided further*, That any payment made to any officer or employee contrary to the provisions of this section shall be recoverable in action by the Federal Government. This section shall not apply to citizens of the Republic of the Philippines or to nationals of those countries allied with the United States in the current defense effort, or to temporary employment of translators, or to temporary employment in the field service (not to exceed sixty days) as a result of emergencies.

SEC. 203. Appropriations of the executive departments and independent establishments for the current fiscal year, available for expenses of travel or for the expenses of the activity concerned, are hereby made available for [living] quarters allowances [in accordance with the Act of June 26, 1930 (5 U.S.C. 118a), and regulations prescribed thereunder,] and cost-of-living allowances [similar to those allowed under section 901(2) of the Foreign Service Act of 1946, in accordance with and to the extent prescribed by regulations of the President, for all civilian officers and employees of the Government permanently stationed in foreign countries: *Provided*, That the availability of appropriations made to the Department of

State for carrying out the provisions of the Foreign Service Act of 1946 shall not be affected hereby], in accordance with title II of the Act of September 6, 1960 (74 Stat. 793).

SEC. 204. No part of any appropriation for the current fiscal year contained in this or any other Act shall be paid to any person for the filling of any position for which he or she has been nominated after the Senate has voted not to approve the nomination of said person.

SEC. 205. No part of any appropriation contained in this or any other Act for the current fiscal year shall be used to pay in excess of \$4 per volume for the current and future volumes of the United States Code Annotated, and such volumes shall be purchased on condition and with the understanding that latest published cumulative annual pocket parts issued prior to the date of purchase shall be furnished free of charge [], or in excess of \$4.25 per volume for the current or future volumes of the Lifetime Federal Digest: *Provided*, That limitations heretofore established on the cost of volumes of the Lifetime Federal Digest shall not apply to the Modern Federal Practice Digest.

SEC. 206. Funds made available by this or any other Act for administrative expenses in the current fiscal year of the corporations and agencies subject to the Government Corporation Control Act, as amended (31 U.S.C. 841), shall be available, in addition to objects for which such funds are otherwise available, for rent in the District of Columbia; services in accordance with section 15 of the Act of August 2, 1946 (5 U.S.C. 55a); and the objects specified under this head, all the provisions of which shall be applicable to the expenditure of such funds unless otherwise specified in the Act by which they are made available: *Provided*, That in the event any functions budgeted as administrative expenses are subsequently transferred to or paid from other funds, the limitations on administrative expenses shall be correspondingly reduced.

SEC. 207. No part of any funds of or available to any wholly owned Government corporation shall be used for the purchase or construction, or in making loans for the purchase or construction of any office building, without specific authority in law therefor, primarily for occupancy by any department or agency of the United States Government or by any corporation owned by the United States Government.

SEC. 208. Pursuant to section 1415 of the Act of July 15, 1952 (66 Stat. 662), foreign credits (including currencies) owed to or owned by the United States may be used by Federal agencies for any purpose for which appropriations are made for the current fiscal year (including the carrying out of Acts requiring or authorizing the use of such credits), only when reimbursement therefor is made to the Treasury from applicable appropriations of the agency concerned: *Provided*, That such credits received as exchange allowances or proceeds of sales of personal property may be used in whole or part payment for acquisition of similar items, to the extent and in the manner authorized by law, without reimbursement to the Treasury: *Provided further*, That nothing in section 1415 of the Act of July 15, 1952, or in this section shall be construed to prevent the making of new or the carrying out of existing contracts, agreements, or executive agreements for periods in excess of one year, in any case where such contracts, agreements, or executive agreements for periods in excess of one year were permitted prior to the enactment of this Act under section 32(b)(2) of the Surplus Property Act of 1944, as amended (50 U.S.C. App. 1641(b)(2)), and the performance of all such contracts, agreements, or executive agreements shall be subject to the availability of appropriations for the purchase of credits as provided by law.

SEC. 209. No part of any appropriation contained in this or any other Act, or of the funds available for expenditure by any individual, corporation, or agency included in this or any other Act, shall be used for publicity or propaganda purposes designed to support or defeat legislation pending before Congress. (*General Government Matters Appropriation Act, 1961.*)

INTRODUCTION TO PART III

Part III of the budget contains a summary table on trust and deposit funds, and detailed schedules and explanatory statements on the various trust funds. It excludes the detail on trust fund programs which require annual action by Congress (shown in part II) and the detail on the District of Columbia municipal government funds (contained in a separate budget volume).

TRUST AND DEPOSIT FUNDS DISTINGUISHED

The funds which are covered in this part of the budget are of two types, as follows:

Trust funds are those funds established to account for receipts which are held in trust by the Government for use in carrying out specific purposes and programs in accordance with a trust agreement or a statute. Within the category of trust funds, there is a subcategory of *trust revolving funds*, which are trust funds used to carry on a cycle of business-type operations, including certain corporations which are partly owned by the Government and partly by private interests.

Deposit funds are those funds established to account for collections that are either (a) held in suspense temporarily and later refunded or paid into some other fund of the Government, or (b) held by the Government as banker or agent for others, being paid out in lump sums at the direction of the owner. Such funds are not available for paying salaries, expenses, grants, or other expenditures of the Government.

While the transactions in these groups of funds are a part of the financial program of the Government, trust and deposit funds are not fully owned by the Government; hence these transactions are excluded from budget totals.

TRUST FUND RECEIPTS AND EXPENDITURES

Receipts.—Like budget receipts, trust fund receipts are based upon collections received and deposited, including U.S. Government securities received in lieu of cash and contributions to the trust funds from the general fund. The conversion of U.S. Government securities on hand into cash is excluded from receipts, but such sales and redemptions are listed in special analysis F of part IV on a net basis.

Expenditures.—Like budget expenditures, trust fund expenditures are stated on a checks-issued basis, less refunds collected. Net investments in U.S. Government securities are excluded from the figures, and are listed in special analysis F of part IV.

Trust revolving funds.—The small group of funds which constitute trust revolving funds are reported on a *net* expenditure basis. The collections of trust revolving funds, instead of being taken into the tables as receipts, are deducted from expenditures. The gross figures are shown in a supplementary summary table and in the detailed schedules.

OBLIGATIONAL AUTHORITY FOR TRUST FUNDS

Trust fund receipts must be appropriated before they can be obligated or spent, with the exception of those few

cases where the law grants a contract authorization in advance (for example, the highway trust fund).

Most trust funds are appropriated by permanent law, not requiring further action by Congress. Usually the appropriations equal the receipts of the year. In a few cases receipts of trust funds can be spent only in accordance with appropriations enacted by Congress from year to year. Examples are the highway trust fund, funds of the United States Soldiers' Home, and the municipal revenues of the District of Columbia (which are accounted for as trust funds by the Federal Government). In a few other cases, trust fund receipts are permanently appropriated for benefit payments, but limitations on administrative expenses payable out of the trust funds are imposed by annual action of the Congress.

DEPOSIT FUND EXPENDITURES

Table 10 includes deposit fund expenditures by department or agency. These expenditures are on a net basis; that is, the collections are deducted from checks issued, and the resulting figure is shown as an expenditure. *Checks issued* include transactions to move money into other funds, as well as refunds and the return of money to depositors. When the collections are larger than the gross expenditures, the amount shown as an expenditure is a negative item.

NET ACCUMULATION IN TRUST AND DEPOSIT FUNDS

Table 10 shows the net accumulation during each year in all the trust and deposit funds. This represents the result obtained when the trust and deposit fund expenditures are subtracted from the trust receipts of the year. Since trust and deposit funds, as well as Federal funds, affect the total cash balance of the Treasury and the total public debt, the final figures in table 10 are carried forward into table 4 of part I. Data on the unexpended balances of the largest trust funds are appended to the table.

DETAIL OF TRUST FUND ESTIMATES

The detailed material in part III covers the trust funds which do not require annual action by Congress. Consolidated schedules are used for the smaller trust funds of each bureau or independent agency.

The material here follows the general format of the similar material in part II, with the principal exception that these schedules show receipts in place of showing appropriations. In cases where the receipts are not permanently appropriated as the money is collected, the schedules identify the portion of the unobligated balances on hand which is appropriated and the portion which is unappropriated. Also, no appropriation language appears here, and the narrative statement of program and performance usually consists only of an explanation of the sources of money for the fund, the purposes for which it is authorized to be spent, and the legal citations.

TRUST FUNDS

Trust funds are not federally owned and their transactions are therefore excluded from budget receipts and expenditures. Nevertheless, trust funds are significant parts of the Government's program, particularly in labor, welfare, and highway activities. Table 5 of part I of this budget shows budget expenditures, trust expenditures, and total Federal payments to the public for 1962.

Trust receipts and expenditures are both estimated at about \$25.2 billion in 1962. The bulk of the transactions and most of the money are in the eight major trust funds discussed below.

Social security and Federal employee staff programs for retirement, disability, or death.—The Federal disability insurance, Federal old-age and survivors insurance (OASI), the Railroad retirement account, and the Federal employees trust funds provide insurance against the loss of income due to retirement, disability, or death. Payments are made primarily from moneys derived from payroll taxes on employers, employees, and the self-employed. Receipts not immediately needed for benefit outlays are invested in securities of the Federal Government and earn interest, while a deficit is financed by cashing holdings of such securities. The first two trust funds are authorized by the Social Security Act of 1935, as amended, and comprise the Federal old-age, survivors, and disability insurance (OASDI) program. The 1960 amendments to the Social Security Act liberalized the insured status requirements for benefits, authorized benefits for disabled workers—regardless of age—and their dependents, provided increases in children's benefits, and liberalized the retirement test for beneficiaries. As a result of the amendments 1.3 million additional beneficiaries will be on the rolls at the end of 1962, bringing the total number of persons receiving benefits to 17.2 million.

Expenditures from the OASDI trust funds will increase by \$1.1 billion in 1962 due to the normal year-to-year increase in the number of beneficiaries and as a result of the increased benefit outlays resulting from the 1960 amendments. Expenditures of the OASI trust fund, alone, are expected to exceed receipts in 1961 and 1962. The combined tax rate paid by employers and employees (including $\frac{1}{4}\%$ on each for disability insurance) is scheduled to increase on January 1, 1963, from 6% to 7% and should enable the fund to resume building up reserves after 1962.

The railroad retirement system is closely coordinated with OASDI and serves as a combined social insurance and staff retirement system for workers in the railroad industry. Payrolls are taxed at $6\frac{3}{4}\%$ on both employers and employees. Receipts of the Railroad retirement account were abnormally high in 1960 because of a special payment from the Federal OASI trust fund for both 1959 and 1960.

Most Federal civilian workers are covered under either the Civil Service Retirement Act or the Foreign Service Retirement Act. Since 1957, Armed Forces personnel have been covered under both the OASI system (on a contributory basis) and under the military retirement system (financed directly from appropriated budget funds).

The following table indicates the number of individuals receiving monthly benefits from these trust funds at the end of each year (in thousands):

	Federal old-age and survivors insurance	Federal disability insurance	Railroad retirement account	Civil service and foreign service
Retired individuals: ¹				
1960 actual.....	10,037	----	445	265
1961 estimate.....	10,947	----	462	288
1962 estimate.....	11,724	----	480	313
Disabled individuals and their dependents:				
1960 actual.....	92	522	96	102
1961 estimate.....	120	925	100	111
1962 estimate.....	149	1,102	104	120
Survivors: ²				
1960 actual.....	3,612	----	254	150
1961 estimate.....	3,925	----	262	163
1962 estimate.....	4,201	----	270	177

¹ Includes wives under retirement age who have children in their care under OASI.

² Includes children of retired workers under OASI.

Unemployment trust fund.—Unemployment insurance was also initiated for most workers by the Social Security Act, and for railroad workers by the Railroad Unemployment Insurance Act. Payroll taxes paid by employers are deposited in the unemployment trust fund. The States and the Railroad Retirement Board draw upon this fund to pay weekly benefits to eligible unemployed workers. The Railroad Retirement Board and, starting in 1961, the Bureau of Employment Security also draw upon the fund for unemployment insurance administrative expenses and the portion of taxes earmarked for these purposes are deposited in the fund.

Expenditures of the Unemployment trust fund are estimated to be \$4.2 billion in 1961 and \$3.8 billion in 1962, a decrease of \$0.4 billion due to an anticipated decline in the number of claims filed for compensation as present levels of insured unemployment recede. Receipts are estimated at about \$3.6 billion for both 1961 and 1962, resulting in a decline in the year-end balance of the fund from \$6.7 billion at the end of 1960 to \$6.1 billion at the end of 1961 and \$5.9 billion at the end of 1962.

Receipts from the Federal Unemployment Tax Act are estimated at \$470 million in 1962, an increase of \$123 million over 1961 due mostly to an increase in the rate of the tax from 0.3% to 0.4%. Receipts not needed for current administrative expenses will be used to rebuild the Federal unemployment account from which loans are made to State reserve accounts under specified conditions.

Veterans life insurance.—The trust accounts in the Veterans Administration consist mainly of two life insurance programs: The National service life insurance fund for veterans of World War II and the United States Government life insurance fund for veterans of World War I.

Both funds are operated largely on a commercial basis. Receipts come from premiums, interest on investments, and transfers from budgeted funds of the Federal Government to cover losses resulting from war hazards. Payments from the fund are made for dividends, death, and disability claims and for termination of policies in force.

In 1962, an estimated \$258 million will be paid in dividends and \$410 million in death and disability claims and other expenses. The funds represent about 5.5 million policies in force at a value of \$35 billion.

Highway trust fund.—Receipts from certain excise taxes on motor fuels, tires, and trucks are used to finance expenditures for Federal-aid highways.

The Highway Act of 1959 increased motor fuel taxes by 1 cent to 4 cents per gallon, for the period October 1, 1959, through June 30, 1961. In addition, from July 1, 1961, to June 30, 1964, half of the excise on passenger automobiles and five-eighths of the tax on parts and accessories are scheduled for diversion from the general fund to the trust fund. At present tax rates the diversion would yield \$810 million in 1962.

It is again proposed that the motor fuel tax be increased to 4½ cents per gallon effective July 1, 1961, to continue through 1972. Revenue increases under this proposal are estimated to be about \$780 million in 1962 and will be adequate in later years to permit completion of the Interstate System by 1973. This action will also make unnecessary the scheduled diversion of excises from the general fund and legislation is proposed to rescind this tax provision of the Highway Act of 1959.

Legislative proposals will also be submitted to finance authorizations for forest and public lands highways from the Highway trust fund and to retain revenues from aviation gasoline taxes in the general fund.

Federal National Mortgage Association secondary market operations.—In the secondary market part of its operations the Association buys and sells federally insured or guaranteed mortgages at prices prevailing in the market. These operations are, over a period of time, self-supporting in accordance with statutory objectives. Funds required for mortgage purchases in 1962 will be obtained: (a) from private sources through the sale of the Association's debentures; (b) through mortgage sales and repayments; (c) through the sale of common stock which all mortgage sellers are required to purchase; and (d) by sale of preferred stock to the Treasury in accordance with the statutory requirement that the Association maintain a minimum ratio of capital to debt of 1 to 10. Net trust expenditures are estimated to increase by \$238 million in 1962 as a result of increased mortgage purchases.

SUMMARY OF TRUST RECEIPTS AND EXPENDITURES

[In millions of dollars]

	1960 actual	1961 estimate	1962 estimate		1960 actual	1961 estimate	1962 estimate
RECEIPTS				EXPENDITURES			
Federal disability insurance trust fund:	(1,071)	(1,081)	(1,136)	Federal disability insurance trust fund:	(571)	(763)	(992)
Employment taxes.....	939	958	1,000	Benefit payments.....	528	715	935
Deposits by States.....	58	67	68	Administrative expenses—reimbursement to			
Interest on investments.....	48	55	68	Federal old-age and survivors insurance.....	30	34	44
Payments by Railroad retirement account.....	27	1	-----	Other.....	13	14	14
Federal old-age and survivors insurance trust funds:	(10,439)	(11,788)	(12,280)	Federal old-age and survivors insurance trust fund:	(11,152)	(11,845)	(12,684)
Employment taxes.....	9,272	10,543	11,006	Benefit payments.....	10,270	11,196	12,014
Deposits by States.....	650	732	748	Administrative expenses and construction.....	203	237	239
Interest on investments.....	516	512	525	Refunds of tax receipts.....	79	90	113
Other.....	1	1	1	Payment to Railroad Retirement Board.....	600	322	318
Federal employees retirement funds:	(1,766)	(1,938)	(1,960)	Federal employees funds:	(852)	(927)	(1,028)
Deductions from employees' salaries.....	752	801	801	Retirement funds.....	896	998	1,094
Payments from other funds:				Employees health benefits fund.....	-----	-----	-----
Employing agency contributions.....	752	799	799	Employees life insurance fund.....	-----	-----	-----
Federal contributions.....	-----	46	45	Retired employees health benefits fund.....	-----	-----	-----
Voluntary contributions, donations, etc.....	11	16	16	Railroad retirement account:	(1,136)	(1,106)	(1,128)
Interest and profits on investments.....	252	276	299	Benefit payments.....	916	960	1,008
Railroad retirement account:	(1,403)	(1,132)	(1,176)	Administrative expenses.....	9	10	10
Employment taxes.....	607	600	640	Payment to Federal disability insurance trust fund.....	27	1	-----
Interest and profits on investments.....	110	117	120	Advances to Railroad unemployment insurance account.....	184	135	110
Repayment of advances to Railroad unemployment insurance account.....	85	90	95	Unemployment trust fund:	(2,736)	(4,174)	(3,779)
Payment from OASI trust fund.....	600	322	318	Withdrawals by States.....	2,366	3,310	2,840
Other.....	1	3	3	Railroad unemployment benefit payments.....	275	165	170
Unemployment trust fund:	(2,703)	(3,563)	(3,614)	Administrative expenses.....	9	388	375
Deposits by States.....	2,167	2,465	2,400	Repayment of advances to—			
Federal unemployment taxes.....	-----	347	470	Employment security revolving fund.....	-----	211	289
Railroad unemployment insurance account:				Railroad retirement trust fund.....	86	96	102
Employment taxes.....	153	165	170	Refunds of taxes.....	-----	4	4
Advances from Railroad retirement account.....	184	135	110	Veterans life insurance funds.....	665	664	668
Advance from temporary revolving fund.....	-----	250	250	Highway trust fund:	(3,049)	(2,999)	(3,158)
Interest on investments.....	188	192	205	Federal-aid highways.....	2,940	2,868	2,991
Other.....	11	9	9	Interest on advances from general fund.....	5	3	-----
Veterans life insurance funds:	(703)	(739)	(773)	Refunds of taxes.....	103	128	129
Premiums and other receipts.....	481	512	542	Forest and public lands highways (proposed).....	-----	-----	38
Payments from general and special funds.....	11	10	10	Federal National Mortgage Association, net.....	988	482	720
Interest on investments.....	211	217	221	Deposit funds and all other trust funds.....	650	1,142	998
Highway trust fund:	(2,644)	(2,988)	(3,290)				
Excise taxes.....	2,642	2,987	3,288				
Interest on investments.....	2	1	2				
All other trust funds.....	713	1,010	960				
Total, trust fund receipts.....	21,442	24,239	25,189	Total, trust fund expenditures.....	21,799	24,102	25,155

TABLE 10
TRUST RECEIPTS AND EXPENDITURES
BY ORGANIZATION UNIT AND ACCOUNT TITLE

[In thousands of dollars]

Organization unit and account title	Functional code	RECEIPTS			EXPENDITURES		
		1960 actual	1961 estimate	1962 estimate	1960 actual	1961 estimate	1962 estimate
Legislative branch:							
Library of Congress: Gift and trust fund income accounts:							
Cataloging project, Copyright Office.....	500	2			3	4	
Gift fund.....	200	332	310	310	452	366	341
Income from investment account.....	200	17	17	17	21	23	20
Payment of interest on bequest of Gertrude M. Hubbard.....	650	1	1	1	1	1	1
Payment of interest on permanent loan.....	650	178	179	179	141	206	183
Service fees.....	200	664	675	675	606	564	599
Total, legislative branch.....		1,194	1,182	1,182	1,224	1,164	1,144
The judiciary:							
Judicial survivors annuity fund.....	600	542	563	575	353	370	380
Funds appropriated to the President:							
Mutual security—economic and contingencies:							
Advances, Mutual Security Act.....	050	197,147	416,900	426,100	248,121	395,400	369,100
Advances for economic assistance.....	150					2	
Philippine assistance.....	150				162	22	
Technical assistance, United States dollars advanced from foreign governments.....	150	733	700	700	544	600	600
Total, funds appropriated to the President.....		197,880	417,600	426,800	248,826	396,024	369,700
Independent offices:							
American Battle Monuments Commission: Contributed flower fund.....	100	2	2	2	2	2	2
Civil Service Commission:							
Civil service retirement and disability fund.....	200	1,760,374	1,928,997	1,950,783	892,728	993,585	1,088,583
Employees health benefits fund.....	200					—20,680	—11,109
Employees life insurance fund.....	200				—44,045	—50,326	—52,504
Retired employees health benefits fund.....	200						—2,110
Total, Civil Service Commission.....		1,760,374	1,928,997	1,950,783	848,683	922,579	1,022,860
Federal Aviation Agency:							
Expenses of foreign students.....	500	12			9	5	
Gifts and donations.....	500	15			87	216	70
Total, Federal Aviation Agency.....		27			95	221	70
Federal Communications Commission: International telecommunication settlements.....	500				—10	—5	
Foreign Claims Settlement Commission: War claims fund.....	600				96	90	80
General Accounting Office: Proceeds from estates of American citizens who die abroad.....	600	1			1	1	1
National Capital Housing Authority: Operation and maintenance, properties aided by Public Housing Administration.....	500				2,580	550	—400
National Capital Planning Commission: Contributed fund.....	600	325	433	200	398	592	200
National Science Foundation: Donations.....	200	2	2	2	3	1	1
Railroad Retirement Board:							
Railroad retirement account.....	200	1,403,387	1,132,000	1,176,000	1,135,966	1,105,410	1,127,790
Proposed increase in transfer to "Salaries and expenses" due to pay increases.....	200					290	
Smithsonian Institution: Canal Zone biological area fund.....	200	19	19	19	21	20	10
United States Information Agency: United States Information Agency trust funds.....	150	231	105	207	335	112	207
Veterans Administration:							
Adjusted-service certificate fund.....	100				293	225	180
General post fund, national homes.....	100	1,697	1,591	1,625	1,795	1,783	1,675
National service life insurance fund.....	100	642,588	680,803	719,801	581,575	582,815	595,301
United States Government life insurance fund.....	100	60,743	57,905	52,771	83,248	81,013	72,396
Total, Veterans Administration.....		705,028	740,299	774,197	666,910	665,836	669,552
Total, independent offices.....		3,869,395	3,801,857	3,901,410	2,655,080	2,695,699	2,820,393
General Services Administration:							
Real property activities: Advances for construction services.....	600	109	1,600	6,000	53	1,396	5,578
Records activities:							
National Archives gift fund.....	600	69	25	31	60	34	36
National Archives trust fund.....	600				—39	—24	—30
Total, General Services Administration.....		178	1,625	6,031	75	1,406	5,584

TABLE 10—Continued
TRUST RECEIPTS AND EXPENDITURES—Continued
BY ORGANIZATION UNIT AND ACCOUNT TITLE—Continued
 [In thousands of dollars]

Organization unit and account title	Functional code	RECEIPTS			EXPENDITURES		
		1960 actual	1961 estimate	1962 estimate	1960 actual	1961 estimate	1962 estimate
Housing and Home Finance Agency:							
Federal National Mortgage Association: Secondary market operations fund.....	500				988,003	481,738	720,000
Department of Agriculture:							
Agricultural Research Service:							
Expenses and refunds, inspection and grading of farm products.....	350	635	430	447	702	410	435
Expenses, feed and attendants for animals in quarantine.....	350	31	30	35	34	40	36
Miscellaneous contributed funds.....	350	571	254	346	454	430	370
Extension Service: Miscellaneous contributed funds.....	350	5	7	6	7	7	6
Soil Conservation Service: Miscellaneous contributed funds.....	350	254	250	287	309	307	292
Agricultural Marketing Service:							
Expenses and refunds, inspection and grading of farm products.....	350	18,167	18,603	19,005	17,400	18,994	19,496
Miscellaneous contributed funds.....	350	64	45	41	82	52	42
Foreign Agricultural Service: Miscellaneous contributed funds.....	350	4	4		5	4	
Commodity Stabilization Service: Miscellaneous contributed funds.....	350	21	5	5	49	14	7
Farmers Home Administration: State rural rehabilitation funds.....	350				2,261	-563	-28
Office of Information: Miscellaneous contributed funds.....	350	2			2		
Forest Service:							
Cooperative work.....	400	22,094	22,500	23,000	17,661	21,000	21,500
Miscellaneous contributed funds.....	400				7	3	
Total, Department of Agriculture.....		41,849	42,128	43,172	38,971	40,698	42,156
Department of Commerce:							
Bureau of the Census: Special statistical work.....	200	2,579	1,396	1,400	1,648	1,600	1,600
Business and Defense Services Administration:							
Expenses, transcripts of studies, tables, and other records.....	500	586	600	600	536	700	700
Special statistical work.....	500	11	12	12	10	12	12
Maritime activities:							
Federal ship mortgage insurance escrow fund.....	500	49,860	1,400	490	826	23,794	24,761
United States Merchant Marine Academy, Kings Point, N.Y., donations for chapel and library.....	500	82	7		615	111	
Bureau of Public Roads:							
Highway trust fund:							
Existing legislation.....	500	2,644,354	2,988,000	3,348,000	3,048,790	2,998,963	3,123,000
Proposed legislation.....	500			-58,000			34,500
Advances from Alaska, public roads.....	500	16,186	8,000		15,380	8,971	
Advances from State cooperating agencies.....	500	144	63		2	205	
Contributions for highway research program.....	500	9			12		
Cooperative work, forest highways.....	500	78	501	500	343	568	500
Equipment, supplies, etc., for cooperating countries.....	150	3,875	4,800	4,800	3,752	4,860	5,800
Funds contributed for improvement of roads, bridges, and trails, Alaska.....	500				46	2	
Technical assistance, United States dollars advanced from foreign governments.....	150	3,362	3,500	3,500	5,335	4,895	3,500
National Bureau of Standards: Gifts and bequests.....	200	69	60	60	68	91	85
Weather Bureau: Special statistical work.....	600	32	45	45	40	42	44
Total, Department of Commerce.....		2,721,226	3,008,384	3,301,407	3,077,404	3,044,814	3,194,502
Department of Defense—Military:							
Advances for supplies and expenses, United Nations Korean Reconstruction Agency, Army.....	050				4		
General gift fund, Army.....	050	13	10	11	21	10	15
Kermit Roosevelt fund, Army.....	050	1	1	1	2	2	2
National Guard armory construction, State-contributed funds, Army.....	050				2		
Transportation, international refugee organization, Army.....	050	3					
General gift fund, Navy.....	050		530	10	20	129	232
Naval reservation, Olongapo civic fund.....	050	385			434		
Office of Naval Records and history fund.....	050	24	23	23			
Ships' stores profits, Navy.....	050	6,355	4,000	4,000	7,631	4,000	4,000
United States Naval Academy general gift fund.....	050	21	10	3	3	22	3
United States Naval Academy museum fund.....	050	1	1	1		1	1
United States ship Arizona, memorial fund.....	050	246			6	240	
General gift fund, Air Force.....	050	7			9	9	7
Total, Department of Defense—Military.....		7,057	4,574	4,049	8,133	4,413	4,260
Department of Defense—Civil:							
Corps of Engineers—Civil:							
Advance fund.....	400				26	6	
Contributed fund.....	400	12,174	8,269	12,473	11,859	8,500	12,500
Advances and reimbursements.....	400						

TABLE 10—Continued
 TRUST RECEIPTS AND EXPENDITURES—Continued
 BY ORGANIZATION UNIT AND ACCOUNT TITLE—Continued
 [In thousands of dollars]

Organization unit and account title	Functional code	RECEIPTS			EXPENDITURES		
		1960 actual	1961 estimate	1962 estimate	1960 actual	1961 estimate	1962 estimate
Department of Defense—Civil—Continued							
United States Soldiers' Home:							
Operation and maintenance and capital outlay	100				6,551	8,565	8,353
Proposed increase in transfer to "Limitation on operation and maintenance and capital outlay" due to pay increases	100					235	
Soldiers' Home permanent fund	100	10,048	9,658	9,359			
Payment of claims	100				13	13	13
Soldiers' Home revolving fund	100				-8	-5	-3
Proceeds of remittance to and exports from Ryukyu Islands	600	-221					
Total, Department of Defense—Civil		22,001	17,927	21,832	18,442	17,314	20,863
Department of Health, Education, and Welfare:							
Freedmen's Hospital:							
Conditional gift fund	200					2	
Unconditional gift fund	200	1			5	2	
Public Health Service:							
Patients' benefit fund	200	39	35	35	34	28	30
Conditional gift fund	200	41	50	25	101	61	30
Unconditional gift fund	200	29	20	21	19	4	5
Special statistical work	200	10	76	10		74	19
Contributions, Indian health facilities	200		405	405		348	397
Saint Elizabeths Hospital:							
Patients' benefit fund	200	1	1	1	1	1	1
Conditional gift fund	200	10	9	9	8	9	9
Total, Department of Health, Education, and Welfare		130	596	506	167	529	491
Department of the Interior:							
Bonneville Power Administration: Construction of electric transmission lines and substations, contributions, Bonneville power project	400	121	711		862	600	566
Bureau of Land Management:							
Contributed funds	400	890	125	125	765	100	100
Expenses, public survey work	400	42	50	50	52	60	60
Trustee funds, Alaska townsites	400	24	25	25	9	10	10
Bureau of Indian Affairs:							
Indian moneys, proceeds of labor, agencies, schools, etc.	600	2,948	2,076	2,033	2,689	1,925	1,925
Indian tribal funds	600	72,548	152,477	84,147	74,189	148,000	80,000
Bureau of Reclamation: Reclamation trust funds	400	526	489	341	483	500	300
Geological Survey: Advances, authorized services	400	1,883	2,000	2,000	2,017	2,000	2,000
Bureau of Mines: Contributed funds	400	899	1,200	525	1,169	1,100	600
National Park Service:							
Donations	400	231	200	700	629	790	1,010
Jefferson National Expansion Memorial, contributions	400	1,050	984	2,836	301	2,250	3,000
National park trust fund	400	4	5	5	2		
Preservation, birthplace of Abraham Lincoln	400	2	2	2	1	2	1
Fish and Wildlife Service:							
Bureau of Sport Fisheries and Wildlife: Contributed funds	400	83	101	88	64	137	88
Bureau of Commercial Fisheries:							
Contributed funds	400	865	847	847	858	900	885
Inspection and grading of fishery products	400	262	337	337	254	336	350
Total, Department of the Interior		82,378	161,629	94,061	84,345	158,710	90,895
Department of Justice:							
Alien property activities:							
Alien property fund, World War II	600				3,876	2,948	277
Alien property fund, Philippines, World War II	150				20	245	1,515
International Claims Settlement Act, title II fund	600				724	664	1,005
Federal Prison System: Commissary funds	200				26		
Total, Department of Justice					4,646	3,857	2,798
Department of Labor:							
Office of the Secretary: Advances and reimbursements	150				5	1	
Bureau of Employees' Compensation:							
Relief and rehabilitation, Longshoremen's and Harbor Workers' Compensation Act, as amended	600	28	26	25	69	105	82
Relief and rehabilitation, Workmen's Compensation Act, within the District of Columbia	600	8	8	8	6	6	6
Advances and reimbursements	600				1	-2	1
Bureau of Labor Statistics: Special statistical work	200	33	35		30	44	9
Bureau of Employment Security: Salaries and expenses	200	-1					
Total, Department of Labor		67	69	33	111	154	98

TABLE 10—Continued
TRUST RECEIPTS AND EXPENDITURES—Continued
BY ORGANIZATION UNIT AND ACCOUNT TITLE—Continued
 [In thousands of dollars]

Organization unit and account title	Functional code	RECEIPTS			EXPENDITURES		
		1960 actual	1961 estimate	1962 estimate	1960 actual	1961 estimate	1962 estimate
Department of State:							
Administration of foreign affairs:							
Foreign Service retirement and disability fund: General fund.....	200	6,015	8,998	9,081	3,331	4,465	5,485
Foreign Service Institute unconditional gift fund.....	150						2
Indemnification funds, foreign governments.....	150		180			180	
International organizations and conferences: Gifts and bequests, National Commission on Educational, Scientific, and Cultural Cooperation.....	150	20	15	10	19	16	11
Educational exchange:							
Education of Iranian students in the United States.....	150					2	3
United States dollars advanced from foreign governments.....	150	365	100	100	379	115	120
Total, Department of State.....		6,400	9,293	9,191	3,730	4,778	5,621
Treasury Department:							
Office of the Secretary:							
Federal disability insurance trust fund.....	200	1,071,294	1,081,448	1,136,047	570,700	762,626	992,373
Federal old-age and survivors insurance trust fund:							
Existing legislation.....	200	10,439,403	11,788,027	12,280,271	11,152,102	11,821,916	12,681,401
Proposed increase in transfer to "Salaries and expenses, Bureau of Old-Age and Survivors Insurance," due to pay increases.....	200					7,083	139
Other proposed increases in transfers under existing legislation.....	200					15,724	2,154
Pershing Hall memorial fund.....	600	7	7	7	7	7	7
Unemployment trust fund:							
Existing legislation.....	200	2,703,295	3,562,800	3,614,100	2,736,441	3,605,224	3,761,300
Proposed for later transmission:							
Under existing legislation.....	200					552,433	
Under proposed legislation.....	200					16,469	18,000
Bureau of Accounts:							
Bulgarian claims fund.....	600	301	50		2,063	369	42
Czechoslovakian claims fund.....	600	8,541				1,295	932
Hungarian claims fund.....	600	541	100	1,400	1,127	16	250
Italian claims fund.....	600				3,213	10	
Polish claims fund.....	600		2,000	2,000			1,000
Rumanian claims fund.....	600	373	500	600	19,157	518	1,050
Soviet claims fund.....	600				6,721		
Yugoslav claims fund.....	600				16	370	
Losses in melting gold.....	600	4	5	5		1	1
National defense conditional gift fund.....	050	3			11		
Payment of pre-1934 bonds of the Government of the Philippines.....	600	100	43	40	3,306	288	32
Payment of unclaimed moneys.....	600	200	200	200	59	60	60
Unclaimed moneys of individuals whose whereabouts are known.....	600	25					
Bureau of Customs:							
Refunds, transfers, and expenses of operation, Puerto Rico.....	600	10,169	10,742	11,076	9,921	10,730	11,060
Refunds, transfers, and expenses of operation, Virgin Islands.....	600	697	792	893	652	790	890
Refunds, transfers, and expenses, unclaimed, abandoned, and seized goods.....	600	1,501	325	325	1,526	325	325
Internal Revenue Service: Expenses, Treasury Department, enforcement title III, National Prohibition Act, as amended, Puerto Rico and Virgin Islands.....	600				30		
Coast Guard: General gift fund.....	500	9	7	5	8	10	10
Total, Treasury Department.....		14,236,462	16,447,046	17,046,969	14,507,058	16,796,264	17,471,026
District of Columbia:							
Revenue.....	600	201,588	236,070	224,720			
Payment from general fund:							
Federal payment.....	600	27,218	27,533	38,753	266,894	333,703	360,879
Proposed for later transmission under existing legislation.....	600		6,000				
Contributions and loans for capital outlay.....	600	900	14,314	27,260			
Other loans and grants.....	600	25,924	40,140	41,174			
Total, District of Columbia.....		255,630	324,057	331,907	266,894	333,703	360,879
Deposit funds:							
Legislative branch.....					—47	—50	—50
The judiciary.....					—43	20	20
Executive Office of the President.....					—58	179	2
Funds appropriated to the President.....					—421	—413	—454
Independent offices:							
Atomic Energy Commission.....					—63		
Farm Credit Administration.....					—6,036	—6,000	—6,000
Federal Aviation Agency.....					—1,467	—1,500	—1,000
Federal Home Loan Bank Board.....					272	107	200
National Aeronautics and Space Administration.....					93	—200	—250
Veterans Administration.....					470	—2,000	—2,000
Other.....					323	60	—207

TABLE 10—Continued

TRUST RECEIPTS AND EXPENDITURES—Continued

BY ORGANIZATION UNIT AND ACCOUNT TITLE—Continued

[In thousands of dollars]

Organization unit and account title	Functional code	RECEIPTS			EXPENDITURES		
		1960 actual	1961 estimate	1962 estimate	1960 actual	1961 estimate	1962 estimate
Deposit funds—Continued							
General Services Administration.....					—324	75	—200
Housing and Home Finance Agency.....					—22		
Department of Agriculture.....					3,455	720	720
Department of Commerce.....					—6,637	—200	
Department of Defense—Military.....					45,242	35,738	24,124
Department of Defense—Civil.....					—1,883	—2,620	—1,735
Department of Health, Education, and Welfare.....					174	—1,872	—576
Department of the Interior.....					—164,265	76,000	7,000
Department of Justice.....					—551	—498	—474
Department of Labor.....					—210	—75	—24
Post Office Department.....					—765	—646	—545
Department of State.....					2,660	—2,330	250
Treasury Department.....					24,781	25,000	25,000
District of Columbia.....					538	28	—15
Total, trust fund receipts and expenditures.....		21,442,389	24,238,530	25,189,125	21,798,678	24,101,703	25,154,576
Deduct trust fund expenditures.....		21,798,678	24,101,703	25,154,576			
Net accumulation in trust funds.....		—356,289	136,827	34,549			
Net increase or decrease (—) in cash balances due to trust fund debt and investment transactions (from special analysis F).....		444,213	—297,827	—15,692			
Increase or decrease (—) in cash balances resulting from trust fund operations.....		87,924	—161,000	18,857			
RECAPITULATION							
Trust funds:							
Existing legislation.....		21,442,389	24,232,530	25,247,125	21,903,463	23,389,401	25,055,987
Proposed for later transmission:							
Under existing legislation:							
Pay increases.....						7,608	149
Other.....			6,000			568,157	2,154
Under proposed legislation.....				—58,000		16,469	52,500
Deposit funds, net:							
Purchase of U.S. securities (quasi-governmental enterprises).....					236,149		
Sales and redemptions of obligations in the market (quasi-governmental enterprises).....					—722,992	120,068	43,786
Other.....					382,058		
Total, trust fund receipts and expenditures.....		21,442,389	24,238,530	25,189,125	21,798,678	24,101,703	25,154,576

SUMMARY OF MAJOR TRUST FUND BALANCES AVAILABLE AT START OF YEAR

[In thousands of dollars. Including U.S. securities]

	1960	1961	1962	1963
Federal disability insurance trust fund.....	1,666,621	2,167,214	2,486,036	2,629,710
Federal employees retirement funds.....	9,243,059	10,113,389	11,053,334	11,919,131
Federal old-age and survivors insurance trust fund.....	21,541,424	20,828,725	20,772,029	20,386,606
Highway trust fund.....	523,657	119,221	108,258	240,758
Railroad retirement account.....	3,648,925	3,916,347	3,942,647	3,986,847
Secondary market operations fund.....	52,616	59,030	54,030	54,030
Unemployment trust fund.....	6,716,153	6,683,008	6,071,682	5,906,482
Veterans life insurance funds.....	6,884,571	6,923,080	6,997,960	7,102,835
Total.....	50,277,026	50,810,014	51,485,976	52,226,399

EXPENDITURES AND APPLICABLE RECEIPTS OF TRUST REVOLVING FUNDS

[In thousands of dollars]

Organization unit and account title	Functional code	GROSS EXPENDITURES (funds applied)			RECEIPTS FROM OPERATIONS (funds provided)			NET TRUST EXPENDITURES		
		1960 actual	1961 estimate	1962 estimate	1960 actual	1961 estimate	1962 estimate	1960 actual	1961 estimate	1962 estimate
Independent offices:										
Civil Service Commission:										
Employees health benefits fund.....	200	692	297,717	307,271	692	318,397	318,380	-----	-20,680	-11,109
Employees life insurance fund.....	200	90,457	92,451	90,506	134,502	142,777	143,010	-44,045	-50,326	-52,504
Retired employees health benefits fund.....	200	-----	306	31,086	-----	306	33,196	-----	-----	-2,110
Federal Communications Commission: International telecommunications settlements.....	500	214	220	220	224	225	220	-10	-5	-----
National Capital Housing Authority: Operation and maintenance, properties aided by Public Housing Administration.....	500	53,464	13,534	18,620	50,884	12,984	19,020	2,580	550	-400
General Services Administration:										
Records activities: National Archives trust fund.....	600	175	276	300	214	300	330	-39	-24	-30
Housing and Home Finance Agency:										
Federal National Mortgage Association: Secondary market operations fund.....	500	1,997,929	1,329,030	1,862,605	1,009,927	847,293	1,142,605	988,003	481,738	720,000
Department of Agriculture:										
Farmers Home Administration: State rural rehabilitation funds.....	350	8,855	4,954	4,312	6,594	5,517	4,340	2,261	-563	-28
Department of Defense—Civil:										
United States Soldiers' Home: United States Soldiers' Home revolving fund.....	100	107	115	127	115	120	130	-8	-5	-3
Department of Justice:										
Legal activities and general administration: Alien property activities:										
Alien property fund, World War II.....	600	16,941	9,004	5,182	13,065	6,056	4,905	3,876	2,948	277
Alien property fund, Philippines, World War II.....	150	635	1,021	1,530	614	776	15	20	245	1,515
International Claims Settlement Act, title II fund.....	600	906	766	1,005	182	102	-----	724	664	1,005
Federal Prison System: Commissary funds, Federal prisons.....	200	2,057	2,100	2,165	2,031	2,100	2,165	26	-----	-----
Total, trust revolving funds.....		2,172,432	1,751,494	2,324,929	1,219,044	1,336,953	1,668,316	953,388	414,541	656,613

TRUST AND DEPOSIT FUND EXPENDITURES BY MAJOR FUNCTION

ACTUAL THROUGH 1960

[In millions of dollars]

	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962
Major national security.....	34	144	126	146	164	143	93	344	229	256	400	373
International affairs and finance.....	-6	97	9	3	7	4	5	15	12	11	11	12
Veterans services and benefits.....	695	1,095	669	779	628	606	608	671	651	673	675	678
Labor and welfare.....	3,058	3,816	4,594	6,079	7,476	8,067	9,647	12,854	14,392	16,450	18,817	19,615
Agriculture and agricultural resources.....	12	17	22	11	22	29	148	244	83	21	20	21
Natural resources.....	15	15	15	16	20	23	33	32	35	37	38	43
Commerce, housing, and space technology.....	-23	-3	1	(*)	-86	118	1,934	1,713	2,842	4,057	3,516	3,903
General government.....	222	208	228	286	258	216	268	293	360	397	505	466
Interest.....	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)
Adjustment to daily Treasury statement basis.....	190	88	95	-----	-----	-----	-----	-----	-----	-----	-----	-----
Deposit funds, net ¹	-544	-160	-471	-115	57	229	225	-97	-8	-105	120	44
Total.....	3,654	5,317	5,288	7,204	8,546	9,436	12,961	16,069	18,597	21,799	24,102	25,155

¹ Excludes deposit funds of Government-sponsored enterprises. These have been adjusted for consistency with present treatment and allocated to the appropriate function above.

* Less than one-half million.

Revenue, Expense, and Retained Earnings (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Revenue.....	110,326	155,825	197,400
Expense.....	92,323	128,415	158,385
Net income before income tax equivalent.....	18,003	27,410	39,015
Income tax equivalent.....	9,356	14,250	20,285
Net income for the year.....	8,647	13,160	18,730
Analysis of retained earnings:			
Retained earnings, beginning of year.....	17,129	21,686	28,716
Dividends:			
On preferred stock held by Treasury (—).....	—2,645	—3,750	—4,970
On common stock held by public (—).....	—1,445	—2,380	—2,965
Retained earnings, end of year.....	21,686	28,716	39,511
The above is distributed as follows:			
Trust investment.....	6,688	9,438	13,581
Government investment.....	14,998	19,278	25,930

Financial Condition (in thousands of dollars)

Assets:			
Cash with Treasury.....	58,536	53,536	53,536
U.S. securities: FHA debentures on hand.....	494	494	494
Accounts receivable, net.....	18,165	23,800	29,800
Deferred charges.....	6,366	9,217	8,766
Loans receivable, net: FHA insured and VA guaranteed mortgages.....	2,493,340	3,031,512	3,834,712
Total assets.....	2,576,901	3,118,559	3,927,308
Liabilities:			
Current liabilities.....	61,464	76,008	93,679
Deferred income—premium on sale of debentures to public.....	901	773	581
Short term discount notes payable.....	193,985	461,280	481,280
Debentures payable.....	2,090,557	2,300,000	3,000,000
Total liabilities.....	2,346,907	2,838,061	3,575,540
Trust investment:			
Common stock issued or subscribed:			
Start of year.....	42,934	65,487	80,962
Increase during year.....	22,554	15,475	20,475
End of year.....	65,487	80,962	101,437
Retained earnings.....	6,688	9,438	13,581
Total trust investment.....	72,175	90,400	115,018
Government investment:			
Interest-bearing capital:			
Start of year.....	41,531		
Borrowings from Treasury during year, net.....	—41,531		
End of year.....			
Non-interest-bearing capital:			
Preferred stock issued:			
Start of year.....	142,820	142,820	170,820
Issued during year.....		28,000	40,000
End of year.....	142,820	170,820	210,820
Retained earnings.....	14,998	19,278	25,930
Total non-interest-bearing capital total.....	157,819	190,098	236,750
Government investment.....			
Total trust and Government investment.....	229,994	280,498	351,768

Status of Certain Fund Balances (in thousands of dollars)

	1959 actual	1960 actual	1961 estimate	1962 estimate
Unexpended balance: Cash and U.S. securities.....	52,616	59,030	54,030	54,030
Authorization to expend from debt receipts:				
Authorization to expend from public debt receipts (general fund).....	2,273,469	2,315,000	2,287,000	2,282,000
Portion available only as corporate debt to the public is retired (—).....	—1,290,125	—2,284,542	—2,761,280	—3,481,280
Amount in excess of authorization to expend from public debt receipts.....	428,830	699,940	924,980	1,587,680
Authorization to expend from debt receipts.....	1,412,174	730,398	450,700	388,400
Total unexpended balance.....	1,464,790	789,428	504,730	442,430
Obligated balance, net:				
Current liabilities.....	40,033	61,464	76,008	93,679
Mortgage purchase commitments.....	116,977	203,249	300,000	300,000
Accounts receivable, net (—).....	—10,323	—18,165	—23,800	—29,800
Total obligated balance.....	146,687	246,548	352,208	363,879
Unobligated balance.....	1,318,104	542,880	152,522	78,551

Note.—Preferred stock authorized but not issued, as follows: 1960, \$65,000 thousand; 1961, \$37,000 thousand; 1962, \$32,000 thousand.

DEPARTMENT OF AGRICULTURE

AGRICULTURAL RESEARCH SERVICE

AGRICULTURAL RESEARCH SERVICE TRUST FUNDS

Program and Financing (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
1. Expenses and refunds, inspection and grading of farm products:			
(a) Inspection and certification of animal foods and inedible agricultural products in interstate and foreign commerce.....	84	84	83
(b) Identification and certification service for meat and other products.....	107	113	112
(c) Contract specification work on meat and meat food products.....	437	216	216
(d) Food inspection service (meat and meat food products).....		10	20
2. Expenses, feed and attendants for animals in quarantine.....	35	41	35
3. Miscellaneous contributed funds.....	446	446	357
4. Prior year advances returned.....	81		
Total program costs ¹	1,190	910	823

¹ Includes capital outlay as follows: 1960, \$15 thousand; 1961, \$15 thousand; 1962, \$8 thousand.

DEPARTMENT OF AGRICULTURE—Continued**AGRICULTURAL RESEARCH SERVICE—Continued****AGRICULTURAL RESEARCH SERVICE TRUST FUNDS—Continued****Program and Financing (in thousands of dollars)—Continued**

	1960 actual	1961 estimate	1962 estimate
Program by activities—Continued			
5. Relation of costs to obligations: Obligations incurred for costs of other years, net.....	8		
Total obligations.....	1,198	910	823
Financing:			
Unobligated balance brought forward.....	301	340	144
Receipts:			
Expenses and refunds, inspection and grading of farm products.....	635	430	447
Expenses, feed and attendants for animals in quarantine.....	31	30	35
Miscellaneous contributed funds.....	571	254	346
Unobligated balance carried forward.....	-340	-144	-149
Total financing.....	1,198	910	823

The following services are financed by fees and miscellaneous contributions advanced by importers, manufacturers, States, organizations, individuals, and others.

1. *Expenses and refunds, inspection and grading of farm products* provide for (a) inspection and certification of animal foods and inedible agricultural products in interstate and foreign commerce; (b) identification and marking of divided portions of meat, meat byproducts, and meat food products previously federally inspected and so marked in order that divided portions will bear Federal marks; (c) examination of meat and meat food products in federally inspected meat packing plants for compliance with contract specifications; and (d) a food inspection service covering any article of human food derived wholly or in part from meat, meat byproducts or meat food products not subject to the Federal meat inspection laws but for which the mark of Federal meat inspection is requested (7 U.S.C. 1622h, 1624).

2. *Expenses, feed and attendants for animals in quarantine* are paid from fees advanced by importers (21 U.S.C. 102).

3. *Miscellaneous contributed funds* received from States, local organizations, individuals, and others are available for work under cooperative agreements on miscellaneous production and utilization research activities, plant quarantine inspection, and cooperative plant pest control activities (5 U.S.C. 67, 563).

5. *Relation of costs to obligations.*—Year-end balances of unpaid undelivered orders are as follows: 1959, \$3 thousand; 1960, \$11 thousand; 1961, \$11 thousand; 1962, \$11 thousand.

Object Classification (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
11 Personnel compensation:			
Permanent positions.....	182	248	220
Positions other than permanent.....	17	12	10
Other personnel compensation.....	12	14	13
Total personnel compensation.....	211	274	243
12 Personnel benefits.....	17	23	20
21 Travel and transportation of persons.....	24	26	26
22 Transportation of things.....	4	4	4
23 Rent, communications, and utilities.....	14	3	3
24 Printing and reproduction.....	13	2	2

Object Classification (in thousands of dollars)—Continued

	1960 actual	1961 estimate	1962 estimate
25 Other services.....	75	64	37
Services of other agencies.....	708	449	468
26 Supplies and materials.....	33	50	12
31 Equipment.....	18	15	8
44 Refunds.....	81		
Total obligations.....	1,198	910	823

Personnel Summary

Total number of permanent positions.....	32	30	31
Full-time equivalent of other positions.....	5	4	3
Average number of all employees.....	37	45	39
Number of employees at end of year.....	47	40	35
Average GS grade.....	7.6	7.7	7.7
Average GS salary.....	\$6,096	\$6,621	\$6,622
Average salary of ungraded positions.....	\$4,168	\$4,402	\$4,394

EXTENSION SERVICE**MISCELLANEOUS CONTRIBUTED FUNDS****Program and Financing (in thousands of dollars)**

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
Miscellaneous contributed funds (total costs—obligations) (object class 21).....	5	7	6
Financing:			
Receipts.....	5	7	6

Miscellaneous funds received from States, local organizations, individuals, and others are available for work under cooperative agreements (5 U.S.C. 67, 563).

SOIL CONSERVATION SERVICE**MISCELLANEOUS CONTRIBUTED FUNDS****Program and Financing (in thousands of dollars)**

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
1. Miscellaneous contributed funds (total program costs).....	315	299	300
2. Relation of costs to obligations:			
Costs financed from obligations of other years, net (—).....	-35		
Obligations incurred for costs of other years, net.....		1	
Total obligations.....	280	300	300
Financing:			
Unobligated balance brought forward.....	89	62	13
Receipts.....	254	250	287
Unobligated balance carried forward.....	-62	-13	
Total financing.....	280	300	300

1. *Miscellaneous contributed funds.*—Miscellaneous funds received from States, local organizations, individuals, and others are available for work under cooperative agreements (5 U.S.C. 67, 563).

2. *Relation of costs to obligations.*—Year-end balances of unpaid undelivered orders are as follows: 1959, \$36 thou-

sand; 1960, \$1 thousand; 1961, \$2 thousand; 1962, \$2 thousand.

Object Classification (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
11 Personnel compensation:			
Permanent positions.....	138	140	140
Positions other than permanent.....	22	35	35
Other personnel compensation.....	1	1	1
Total personnel compensation.....	161	176	176
12 Personnel benefits.....	10	11	11
21 Travel and transportation of persons.....	19	20	20
23 Rent, communications, and utilities.....	2	3	3
25 Other services.....	51	60	60
Services of other agencies.....	5	5	5
26 Supplies and materials.....	4	4	4
44 Refunds.....	28	21	21
Total obligations.....	280	300	300

Personnel Summary

Total number of permanent positions.....	20	16	16
Full-time equivalent of other positions.....	6	9	9
Average number of all employees.....	30	32	32
Number of employees at end of year.....	29	28	28
Average GS grade.....	6.9	7.1	7.1
Average GS salary.....	\$5,605	\$6,138	\$6,114

AGRICULTURAL MARKETING SERVICE

AGRICULTURAL MARKETING SERVICE TRUST FUNDS

Program and Financing (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
1. Expenses and refunds, inspection and grading of farm products:			
(a) Cottonseed.....	29	35	35
(b) Dairy products.....	1,474	1,563	1,563
(c) Fresh and processed fruits and vegetables.....	5,669	6,575	6,791
(d) Meat.....	4,383	5,008	5,008
(e) Naval stores.....	14	14	14
(f) Poultry products.....	4,542	4,340	4,645
(g) Rice, hay, beans, peas, seed, hops, and miscellaneous agricultural commodities.....	1,407	1,595	1,595
2. Miscellaneous contributed funds.....	74	52	41
Total program costs ¹	17,592	19,182	19,692
3. Relation of costs to obligations:			
Costs financed from obligations of other years, net (—).....		—2	
Obligations incurred for costs of other years, net.....	49		
Total obligations.....	17,641	19,180	19,692
Financing:			
Unobligated balance brought forward.....	6,391	7,055	6,523
Receipts:			
Expenses and refunds, inspection and grading of farm products.....	18,167	18,603	19,005
Miscellaneous contributed funds.....	64	45	41
Recovery of prior year obligations.....	73		
Unobligated balance carried forward.....	—7,055	—6,523	—5,877
Total financing.....	17,641	19,180	19,692

¹ Includes capital outlays as follows: 1960, \$58 thousand; 1961, \$58 thousand; 1962, \$58 thousand.

1. *Expenses and refunds, inspection and grading of farm products.*—An inspection and grading service for farm products is provided upon application of interested parties. These services are supported primarily by fees and, to a limited extent, by direct appropriations to the Agricultural Marketing Service. The schedules reflect expenses paid from fees received (7 U.S.C. 91–99, 1621–1627). The volume of work performed under the trust fund is shown below (in millions):

Commodity	Unit	1960 actual	1961 estimate	1962 estimate
Dairy products.....	Pound.....	2,315.2	2,315.0	2,315.0
Fresh fruits and vegetables.....	Car or carlot equivalent.	1.4	1.4	1.4
Processed fruits and vegetables:				
Canned products.....	Case.....	180.2	185.0	190.0
Frozen, dried, and miscellaneous.....	Pound.....	3,422.6	3,693.0	3,693.0
Meat and meat products, graded.....	Pound.....	7,536.6	7,950.0	8,480.0
Poultry products, graded:				
Shell eggs.....	Case.....	31.7	32.0	33.0
Processed eggs.....	Pound.....	519.0	520.0	530.0
Poultry, including rabbits.....	Pound.....	2,702.4	3,038.1	3,458.1
Poultry products, inspected:	Pound.....	0.7	0.7	0.7
Rabbits.....				
Poultry certified for canning.....	Pound.....	323.0		
Grain and related products:				
Rice, beans and peas.....	Hundredweight.....	60.2	60.0	60.0
Seed verification and reverification.....	Pound.....	74.8	50.0	50.0

2. *Miscellaneous contributed funds.*—Miscellaneous funds received from States, local organizations, individuals, and others available for work under cooperative agreements (5 U.S.C. 67, 563).

3. *Relation of costs to obligations.*—Year-end balances of unpaid undelivered orders are as follows: 1959, \$76 thousand; 1959 adjusted, \$3 thousand; 1960, \$52 thousand; 1961, \$50 thousand; 1962, \$50 thousand.

Object Classification (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
11 Personnel compensation:			
Permanent positions.....	12,610	14,004	14,385
Positions other than permanent.....	443	518	518
Other personnel compensation.....	906	855	889
Total personnel compensation.....	13,959	15,377	15,792
12 Personnel benefits.....	870	1,132	1,165
21 Travel and transportation of persons.....	1,234	1,286	1,327
22 Transportation of things.....	53	109	119
23 Rent, communications, and utilities.....	311	351	358
24 Printing and reproduction.....	100	108	110
25 Other services.....	676	555	539
Services of other agencies.....	218	55	70
26 Supplies and materials.....	134	136	140
31 Equipment.....	86	71	72
Total obligations.....	17,641	19,180	19,692

Personnel Summary

Total number of permanent positions.....	2,779	2,602	2,720
Full-time equivalent of other positions.....	109	119	119
Average number of all employees.....	2,404	2,468	2,551
Number of employees at end of year.....	2,519	2,555	2,670
Average GS grade.....	7.3	7.5	7.5
Average GS salary.....	\$5,795	\$6,356	\$6,337
Average salary of ungraded positions.....	\$4,391	\$4,430	\$4,409

DEPARTMENT OF AGRICULTURE—Continued**FOREIGN AGRICULTURAL SERVICE****MISCELLANEOUS CONTRIBUTED FUNDS****Program and Financing (in thousands of dollars)**

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
Miscellaneous contributed funds (total costs—obligations) (object class 11—positions other than permanent).....	4	4	-----
Financing:			
Receipts.....	4	4	-----

Miscellaneous funds received from States, local organizations, and others are available for work under cooperative agreements (5 U.S.C. 67, 563).

Personnel Summary

	1960 actual	1961 estimate	1962 estimate
Average number of all employees.....	1	1	-----
Number of employees at end of year.....	0	0	-----

COMMODITY STABILIZATION SERVICE**MISCELLANEOUS CONTRIBUTED FUNDS****Program and Financing (in thousands of dollars)**

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
Miscellaneous contributed funds (total costs—obligations) (object class 25).....	21	5	5
Financing:			
Receipts.....	21	5	5

Miscellaneous funds received from States, local organizations, and others are available for work under cooperative agreements (5 U.S.C. 67, 563).

FARMERS HOME ADMINISTRATION**STATE RURAL REHABILITATION FUNDS**

These funds are administered by the Farmers Home Administration, under agreements with 40 individual States, for use in carrying out titles I and II of the Bankhead-Jones Farm Tenant Act. In these States, operating type loans are made at 5% interest. In some States, farm ownership type loans are made from these funds and insured under the regular Farmers Home Administration insured loan program at 5% of which 1% represents an insurance charge that is retained by the Government. The entire assets of the 40 State corporations are being administered by the Farmers Home Administration, with the exception of \$11.8 million in cash and other assets returned to States for rural rehabilitation purposes agreed upon between each corporation and the Federal Government.

Declining activity is expected in 1961 and 1962 as a result of the further return of assets to State corporations. Actual and estimated loan operations for the fiscal years 1959, 1960, 1961, and 1962 are as follows (in thousands of dollars):

	Operating	Farm ownership
1959.....	1,514	9,721
1960.....	1,241	6,025
1961 (estimate).....	600	3,400
1962 (estimate).....	400	2,600

Sources and Application of Funds (Operations) (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Gross expenditures (funds applied):			
Loan program:			
Acquisition of loans.....	7,388	4,000	3,000
Other acquisitions.....	10	10	10
Expense.....	602	524	452
Assets returned to States.....	856	420	850
Total gross expenditures.....	8,855	4,954	4,312
Receipts from operations (funds provided):			
Loan program:			
Loans repaid.....	4,452	4,300	2,940
Proceeds from sale of acquired property.....	3	5	4
Payments on judgments.....	6	20	20
Revenue.....	1,122	1,030	920
Decrease in selected working capital.....	1,010	162	456
Total receipts from operations.....	6,594	5,517	4,340
Trust expenditures.....	2,261	-563	-28

Revenue, Expense, and Retained Earnings (in thousands of dollars)

Operating program:			
Revenue.....	1,122	1,030	920
Expense.....	521	626	410
Net operating income.....	601	404	510
Nonoperating income:			
Sale of acquired property.....	3	5	4
Net book value of assets sold (—).....	-2	-4	-4
Net nonoperating income.....	1	1	0
Net income for the year.....	602	405	510
Deficit (—), beginning of year.....	-3,652	-3,050	-2,645
Deficit (—), end of year.....	-3,050	-2,645	-2,135

Financial Condition (in thousands of dollars)

Assets:			
Cash with Treasury.....	1,905	2,541	2,669
U.S. securities (par).....	2,173	2,100	2,000
Accounts receivable, net.....	932	854	671
Loans receivable, net.....	21,540	18,846	16,275
Real estate acquired through foreclosure.....	29	25	21
Judgments, net.....	32	30	25
Total assets.....	26,611	24,396	21,661
Liabilities:			
Current.....	45	45	45
Investment of States:			
Non-interest-bearing capital:			
Start of year.....	33,747	29,616	26,996
Assets transferred under trust agreement during year, net (—).....	-4,131	-2,620	-3,245
End of year.....	29,616	26,996	23,751
Deficit (—).....	-3,050	-2,645	-2,135
Total investment of States.....	26,566	24,351	21,616

Object Classification (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
11 Personnel compensation:			
Permanent positions.....	179	153	116
Other personnel compensation.....	1	1	-----
Total personnel compensation.....	180	154	116
12 Personnel benefits.....	12	11	9
21 Travel and transportation of persons.....	11	10	10
25 Other services.....	77	65	65
33 Investments and loans.....	7,265	4,000	3,000
44 Refunds.....	617	400	600
Undistributed charges.....	231	230	239
Total obligations.....	8,393	4,870	4,039

Personnel Summary

Total number of permanent positions.....	37	30	22
Average number of all employees.....	36	29	22
Number of employees at end of year.....	31	30	22
Average GS grade.....	5.2	5.8	5.9
Average GS salary.....	\$4,994	\$5,247	\$5,278

OFFICE OF INFORMATION

MISCELLANEOUS CONTRIBUTED FUNDS

Program and financing (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
Miscellaneous contributed funds (total costs—obligations) (object class 25).....	2	-----	-----
Financing:			
Receipts.....	2	-----	-----

Miscellaneous funds received from States, local organizations, individuals, and others are available for work under cooperative agreements (5 U.S.C. 67, 563).

FOREST SERVICE

FOREST SERVICE TRUST FUNDS

Program and Financing (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
1. Cooperative work:			
(a) Construction and maintenance of roads and trails.....	1,265	1,300	1,300
(b) Construction and maintenance of other improvements.....	574	600	600
(c) Protection of national forests and adjacent private land.....	2,591	2,600	2,600
(d) Sale area betterment and scaling.....	12,395	15,829	16,330
(e) Research investigations.....	927	1,000	1,000
(f) Administration.....	54	55	55
(g) Reforestation.....	111	115	115
2. Miscellaneous contributed funds.....	7	1	-----
Total program costs ¹	17,925	21,500	22,000
3. Relation of costs to obligations: Obligations incurred for costs of other years, net.....	153	-----	-----
Total obligations.....	18,078	21,500	22,000

¹Includes capital outlay as follows: 1960, \$10,611 thousand; 1961, \$14,045 thousand; 1962, \$14,545 thousand.

Program and Financing (in thousands of dollars)—Continued

	1960 actual	1961 estimate	1962 estimate
Financing:			
Unobligated balance brought forward.....	15,165	19,181	20,181
Receipts (cooperative work).....	22,094	22,500	23,000
Unobligated balance carried forward.....	—19,181	—20,181	—21,181
Total financing.....	18,078	21,500	22,000

1. *Cooperative work.*—Advances, including deposits from purchasers of timber, are received and used for cooperative work in forest investigations, protection, and improvement of the national forests; and protection, reforestation, and administration of private lands adjacent to national forests (16 U.S.C. 498, 572, 572a, 576b, 581; 31 U.S.C. 725s).

3. *Relation of costs to obligations.*—The relationship is derived from year-end balances of selected resources as reflected in the following table (in thousands of dollars):

	1959 actual	1960 actual	1961 estimate	1962 estimate
Selected resources at start of year:				
Unpaid undelivered orders (appropriation balances obligated for goods and services on order not yet received).....	521	671	674	674
Advances (payment for goods and services on order not yet received).....	-----	3	-----	-----
Total selected resources at end of year.....	521	674	674	674
Selected resources at start of year (—).....	-----	—521	—674	—674
Obligations incurred for costs of other years, net....	-----	153	-----	-----

Object Classification (in thousands of dollars)

	1960 actual	1961 estimate	1962 estimate
11 Personnel compensation:			
Permanent positions.....	6,140	6,644	6,644
Positions other than permanent.....	4,918	7,139	7,387
Other personnel compensation.....	416	414	420
Total personnel compensation.....	11,474	14,197	14,451
12 Personnel benefits.....	576	782	809
21 Travel and transportation of persons.....	233	296	306
22 Transportation of things.....	837	968	1,002
23 Rent, communications, and utilities.....	303	321	332
24 Printing and reproduction.....	20	23	24
25 Other services.....	1,242	1,418	1,472
Services of other agencies.....	782	820	851
26 Supplies and materials.....	1,574	1,822	1,887
31 Equipment.....	378	394	407
32 Lands and structures.....	800	595	616
41 Grants, subsidies, and contributions.....	14	37	38
42 Insurance claims and indemnities.....	26	63	65
44 Refunds.....	89	39	40
Subtotal.....	18,347	21,775	22,300
Deduct quarters and subsistence charges.....	269	275	300
Total obligations.....	18,078	21,500	22,000

Personnel Summary

Total number of permanent positions.....	1,444	1,578	1,578
Full-time equivalent of other positions.....	1,508	2,120	2,192
Average number of all employees.....	2,853	3,514	3,586
Number of employees at end of year.....	3,068	3,081	3,600
Average GS grade.....	6.9	7.0	7.0
Average GS salary.....	\$5,605	\$6,068	\$6,069
Average salary of ungraded positions.....	\$4,724	\$4,808	\$4,799

INTRODUCTION TO PART IV

Part IV of the budget contains a limited number of special analyses of budget data, which supplement material appearing in other parts of the budget. Most of the analyses include explanatory material which expands and elaborates these introductory notes.

FEDERAL GOVERNMENT RECEIPTS FROM AND PAYMENTS TO THE PUBLIC

Special analysis A presents information on the flow of money between the public and the Federal Government as a whole, including both Federal funds and trust (and deposit) funds. In addition, certain transactions of five Government-sponsored enterprises are included. Major intragovernmental and noncash transactions are excluded in this consolidation. This analysis also presents a reconciliation with Treasury cash deposits and withdrawals as reported in the Daily Statement of the U.S. Treasury. The information here provides one measure of the impact of Government activities on the economy, and it serves as the basis for table 5 of part I, which summarizes the data for fiscal year 1962 only.

ANALYSIS OF BUDGET RECEIPTS

Special analysis B presents details on the budget receipts summarized in table 1 of part I. It includes a statement explaining the receipt estimates, together with a table giving a classification of receipts by source. The figures include receipts of both the general fund and the special funds. The text pertaining to taxes, customs, and refunds is prepared by the Treasury Department.

ANALYSIS OF THE BUDGET BY FUNCTION AND AGENCY

Special analysis C gives the details for the functional classification of new obligational authority and budget expenditures used in the budget message and in some of the tables of part I. It is compiled by regrouping the figures found in the chapter summaries of part II. The code numbers in the chapter summaries are the key to the grouping in this analysis.

CHARACTER ANALYSIS OF BUDGET EXPENDITURES

Special analysis D analyzes budget expenditures in terms of the duration and nature of the benefits derived. Expenditures yielding benefits over a period of years, that is, those of an *investment* type, are shown in two major categories—one for acquisition and improvement of Federal assets, and the other for developmental purposes such as additions to State, local, and private assets, and expenditures for research, education, and health. Expendi-

tures yielding *current* benefits are also grouped in two major categories—one for aids and special services to various groups, and the other for the remaining current operating expenses. No adjustments are made for depreciation, obsolescence, allowances for losses on loans, and other items not reflected in current expenditure data.

FOREIGN CURRENCY AVAILABILITIES AND USES

Special analysis E presents information on foreign currencies accruing to the United States without purchase with dollars, and the disposition of such currencies. It covers currencies both for "country uses" (grants to and loans in the country from which the currencies are obtained) and for "U.S. uses." For 1960 currencies were in some cases made available to various agencies for U.S. uses without being reflected in the budget accounts; for 1961 and 1962, currencies for U.S. uses are generally in the budget accounts. The special analysis coordinates and supplements the information presented elsewhere in the budget on this subject.

SELECTED INVESTMENT AND INTERFUND TRANSACTIONS

Special analysis F sets forth certain investment and interfund transactions which are not reflected in the budget totals. The first group of transactions are the investments by public enterprise funds in U.S. securities (both Treasury issues and the securities of wholly owned Government enterprises) and the net borrowing or repayment of their debt held outside the Government. The second group covers similar transactions of trust funds. The foregoing transactions cause changes in cash balances and therefore the totals from these two sections of the table are included in computations shown in table 4 of part I.

The third group of transactions are the expenditure payments from revolving funds into the general fund, included in detailed expenditures and receipts, but deducted in total in table 1 of part I. The final portion of this analysis covers the nonexpenditure transfers by revolving funds to the general fund, representing the return of capital and the distribution of earnings.

HISTORICAL COMPARISON OF BUDGET RECEIPTS AND EXPENDITURES

Special analysis G presents a 10-year comparison of budget receipts and expenditures. Receipts are classified by source and expenditures by function. As in special analysis C, the code numbers in the chapter summaries of part II are the key to the grouping of items in the expenditure section of this analysis.

NOTE

In addition to the special analyses appearing in this part of the budget document, the analyses listed below are being published separately and single copies of each may be obtained, upon request, from the Bureau of the Budget.

- Federal Activities in Public Works and Other Construction.
- Federal Research and Development Programs.
- Federal Credit Programs.
- Federal Aid to State and Local Governments.
- Principal Federal Statistical Programs.

SPECIAL ANALYSIS E

FOREIGN CURRENCY AVAILABILITIES AND USES

Many agencies of the Government are engaged in activities throughout the world which may be financed with foreign currencies. From some governmental activities, particularly the sale on concessional terms of surplus agricultural commodities, foreign currencies accrue to the Government without purchase with dollars. In many instances these currencies are restricted in their use by the terms of international agreements. This analysis presents in summary form data on foreign currency availabilities and uses, with special emphasis on those under the Agricultural Trade Development and Assistance Act of 1954, as amended (Public Law 480), the largest source of currencies with the most complex provisions for their use.

Foreign currency availabilities.—As indicated in the following table, the Government had available in 1960 the foreign currency equivalent of \$3.3 billion, and somewhat larger amounts are estimated for both 1961 and 1962. Availabilities for U.S. uses hold roughly even at about \$1.1 billion, and amounts committed for country uses increase slightly.

Foreign currency availabilities are divided in table 1 in several different ways. All availabilities are divided between those available for U.S. uses and those available for country uses. In both cases the currencies belong to this Government and are kept in Treasury accounts or those of other Government agencies. The country use currencies, however, are committed by the terms of the international agreements under which they are received to be used on a loan or grant basis for mutually beneficial purposes in the country by agreement with its government. U.S. use currencies, on the other hand, are available for the purposes of U.S. agencies without further approval of the other government. The table indicates that country use currencies make up three-fourths of total currency availabilities.

U.S. use currencies are further divided between those which are excess and those which are nonexcess. The excess currencies are those of which the Treasury has found (after reviewing the amounts of currency on hand, prospective receipts for U.S. uses, and prospective requirements) the supply to be great enough to more than cover the demand for the next 2 or 3 years. This analysis reveals a prospective excess condition for 1962 in seven countries: Burma, India, Israel, Pakistan, Poland, UAR (Egypt), and Yugoslavia. In all other countries the availability of U.S. use currencies is either less than the anticipated requirement, or there is no adequate assurance that an anticipated accumulation will in fact be realized.

Nonexcess U.S. use currencies are further divided between those which are restricted and those which are unrestricted. Restricted currencies have had conditions placed on their use by international agreement or by informal understandings in connection with such agreements, which require their use for particular purposes. Such currencies are not, therefore, available to finance regular U.S. activities. Restricted currencies must be reserved, frequently for lower priority programs, at times when appropriated dollars are being used to purchase the same kinds of currencies to meet U.S. obligations abroad. In line with Presidential instructions in the 1961 budget message, restrictions of this nature are being avoided to

the extent possible in international agreements. As a result, the availability of restricted currencies for U.S. uses stems from unexpended balances which have accrued under older agreements. These availabilities are decreasing and are largely covered by appropriations enacted or recommended for special foreign currency programs.

Table 1.—CASH AVAILABILITY OF FOREIGN CURRENCIES

[In millions of dollar equivalents]

	1960 actual	1961 estimate	1962 estimate
For U.S. uses:			
Excess currencies.....	595	813	751
Nonexcess currencies:			
Restricted.....	139	92	85
Unrestricted.....	334	287	234
Subtotal.....	1,067	1,192	1,070
For country uses.....	2,188	2,497	2,822
Total.....	3,255	3,689	3,892

Note.—For currencies collected under Public Law 480, the distribution is estimated.

Sources of foreign currencies without purchase with dollars.—Within the limits established by title I of Public Law 480, any agricultural commodity found by the Secretary of Agriculture to be in surplus supply may be sold for foreign currencies, so long as precautions are taken that such sales do not displace normal trade (i.e., regular sales for dollars) or unduly disrupt world market prices. Such sales are covered by intergovernmental agreements which govern the terms of sale including the value of commodities to be purchased, the exchange rate at which payment will be made, the amounts of the sales proceeds which will be reinvested in the purchasing country through loans or grants for economic or common defense purposes, and the amounts which the U.S. Government may use in the country, or possibly elsewhere, for other purposes. The shipment of the commodities is financed by the Commodity Credit Corporation as an extension of its agricultural price support operations. Any dollars received through sale of the currencies to agencies for programs covered by appropriations return to the CCC and reduce the size of the appropriation needed to cover its costs for the commodities shipped.

The Mutual Security Act of 1954, as amended, also includes several provisions under which foreign currencies accrue to the credit of the United States. Section 402 of that act specifies that a certain amount of the mutual security appropriations shall be used only to purchase surplus agricultural commodities for sale to foreign countries for their currencies. Section 505(a) of the act authorizes the sale of any commodities or services for foreign currencies, and section 103(c) of the act authorizes the sale of military equipment, materials, and services for foreign currencies. These sales are also covered by intergovernmental agreements. However, since the commodities or services sold are supplied as part of the mutual security program and financed by that appropriation, the currency proceeds may be used only for the purposes of that program. These are generally economic develop-

SPECIAL ANALYSIS E—Continued

FOREIGN CURRENCY AVAILABILITIES AND USES—Continued

ment or common defense in the purchasing country, or sometimes in a different aid recipient country when the purchasing country agrees and can supply needed exports.

The Mutual Security Act also requires a country receiving aid to deposit in a special account an amount of its currency equal to either the local sales value of the non-military commodity aid it receives or the commensurate value of our dollar aid expenditures. These deposits are called counterpart. Generally, a share of this counterpart, usually 10% or less, must be transferred to U.S. Treasury accounts and is available for general U.S. use. The remaining 90% is owned by the foreign country and remains in its custody for use for mutual security purposes agreed to by the United States. None of these country-owned currencies is included in the tables herein.

Section 142(a)(9) of the Mutual Security Act also authorizes the receipt of currencies contributed by the foreign government for the local expenses of U.S. military assistance advisory groups abroad.

Other collections of foreign currencies arise from various governmental activities. Sales of U.S. Government surplus property and settlement of World War II lend-lease debts for foreign currencies are authorized under several laws and international agreements. Under the Information and Educational Exchange Act of 1948 (Public Law 402), the U.S. Government (informational media guarantee fund) contracts with American exporters of books, periodicals, and motion pictures to exchange dollars for certain foreign currencies received from sale of such materials. Other currencies are also received in payment for consular services, interest on deposits of currencies in foreign banks, etc.

In addition to the above, foreign currencies are acquired as loan repayments. Beginning in 1955, for example, the Mutual Security Act authorized repayment of mutual security loans in foreign currencies. Interest and principal repayments are now also beginning on economic development loans made to foreign countries and on loans to private enterprise under Public Law 480. Development Loan Fund loans and interest often may be repaid in the currency of the borrowing country.

In summary, most currencies accruing to the credit of the United States result from past or current international agreements authorized under several laws. In most cases, these international agreements reflect either sales arrangements, wherein commodities (usually surplus agricultural commodities) are sold to a foreign purchaser for currencies, or they reflect loan agreements, wherein dollars or foreign currencies themselves are lent to foreign borrowers and may be repaid in the currency of the borrower. Currencies also become available in much smaller amounts under special international agreements and the normal operations of the U.S. Government abroad.

Potential availability of foreign currencies.—In contrast to table 1, table 2 is not on a cash basis. It indicates amounts owed to the United States at the beginning and end of each of the 3 years, 1960–62, which are payable in foreign currencies even though the payment may not be due until some future year. Loan agreements, for example, provide for repayment over periods up to 40 years. As shown in the table, balances of loans outstanding and sales agreements under which deliveries had not been completed nor payment received totaled \$2.7 billion at the end of 1960 and are estimated to rise to \$4 billion by the end of 1961 and further to \$4.7 billion by June 30, 1962. The estimated increase reflects largely

the effects of loans and surplus agricultural commodity sales under Public Law 480 and the expanding loan activity of the Development Loan Fund. The estimates assume continuation of Public Law 480 at approximately the current level through 1962. This future availability is divided about equally between unrestricted U.S. use currencies, mainly loan repayments, and funds committed to country uses, mainly the proceeds of undelivered agricultural sales.

Table 2.—POTENTIAL AVAILABILITY OF FOREIGN CURRENCIES
(CURRENCIES RECEIVABLE, EARNINGS, AND COLLECTIONS)
[In millions of dollar equivalents]

	1960 actual	1961 estimate	1962 estimate
Uncollected balances brought forward:			
Outstanding loans:			
Development Loan Fund.....	42	189	408
Mutual security program.....	580	649	715
Public Law 480.....	629	855	1,154
Other agreements:			
Mutual security program.....	25	26	17
Public Law 480.....	706	926	1,647
Surplus property and lend-lease.....	30	30	29
Total.....	2,013	2,676	3,971
Additions (accruals and earnings) during the year:			
New loans and interest accrued:			
Development Loan Fund.....	158	243	374
Mutual security program.....	81	81	91
Public Law 480.....	233	316	397
Other new agreements:			
Mutual security program.....	194	118	110
Public Law 480.....	1,138	1,750	1,000
Surplus property and lend-lease.....	49	25	15
Earnings other than under agreements.....	76	85	95
Total.....	1,928	2,619	2,073
Deduct—			
Collections during the year.....	1,211	1,273	1,286
Other reductions in amounts due.....	54	51	36
Uncollected balances carried forward.....	2,676	3,971	4,722
Estimated availability for use of these balances is as follows:			
Available only for loans and grants in foreign countries.....	1,025	1,954	2,233
Available for U.S. purposes.....	1,651	2,017	2,489

Limits on uses of foreign currencies.—The amount of foreign currencies accruing to the credit of the United States is large and is increasing, as table 2 illustrates. However, international agreements, and in many cases the nature of the economy on which they are a claim, restrict the use of the greater part of these currencies.

First, sales of agricultural commodities, through which most of the currencies are acquired, are often largely concessional. In these transactions the purchasing country seeks to minimize the real cost of the sales to itself in terms of export of its resources. This practice comes about in part because the sales are generally over and above the amount of exports the United States could sell in the international market on commercial terms (for dollars), and in part because U.S. foreign policy usually has the objective of aiding the economic development of the country involved. As a result, large amounts of currencies acquired by the United States from the sale of farm commodities are restricted by the purchase agreement so

SPECIAL ANALYSIS E—Continued

FOREIGN CURRENCY AVAILABILITIES AND USES—Continued

they can only be loaned or granted back to the buying country for its economic development. This is true of most of the currency received under the Mutual Security Act and Public Law 480.

Second, virtually all of the currencies are inconvertible under the laws and regulations of the purchasing countries. This means they cannot be freely used to buy goods in third countries. Neither can they be exchanged for another currency which we may be able to use. Similarly, a country which limits convertibility of its currency is usually unwilling to accept its own currency in payment, in any large amount, for exports, which represent a net drain on the country. Indeed the largest amounts of currency accrue in less developed countries where the use of large amounts of local currency for programs which are not of mutual interest might significantly drain scarce resources and result in pressure for increased U.S. aid.

In this regard, it should be pointed out that granting or lending a country its own currency under Public Law 480 and the Mutual Security Act does not provide it with additional external resources as dollar payments do. No labor, capital equipment, and materials are provided which the country did not have before. Additional economic resources from outside a country's borders can only be furnished in the form of goods or dollars or other convertible currencies to be used for the purchase of goods. Thus, a country's own currencies are not a substitute for dollars in the mutual security or other assistance program for that country.

Need for foreign currencies.—Many agencies of the U.S. Government carry on activities overseas in which foreign currencies may be used. These activities include diplomatic representation, the construction, maintenance, and operation of defense establishments, the administration of assistance and informational activities and many other programs. Also included are activities such as agricultural market development, educational exchange, the dissemination of textbooks and certain research and health programs which were undertaken especially because excess or restricted foreign currencies were available which could be used for these purposes. In most instances the need for foreign currencies in U.S. operations does not correspond to their availability on a country-by-country basis. In the normal course of its worldwide operations the Government must purchase large amounts of the currencies of many countries while at the same time accumulating large balances of others.

Recent estimates indicate that Government agencies will require about \$2.2 billion of foreign currencies in 1962 to perform their regular operations abroad as indicated in table 3. In addition, \$46 million of currencies will be spent for special foreign currency programs of certain agencies.

The supply of currencies available in the Treasury for sale to agencies to meet their regular needs and special program needs is estimated to be approximately \$1.1 billion. However, less than \$200 million of this amount can be used to meet regular needs because the availability of currencies does not match the needs on a country-by-country basis, and because there will still remain restrictions on some of the currencies which limit their use to special programs. Some \$32 million equivalent of these restricted currencies could otherwise be used in 1962 to meet regular needs. Almost \$2 billion of foreign currencies will need to be purchased commercially by our disbursing officers abroad.

In 68 of the 92 countries listed in table 3 the approximate supply of currencies available in 1962 is less than our

anticipated needs for regular operations with the result that the United States will have to purchase the currencies of these 68 countries. In 34 of these 68 countries, various amounts of currencies are on hand which cannot be used to meet regular operating needs in 1962. These currencies are restricted from such use by provisions of international agreements or are reserved by agency administrative action for certain programs. These reserved amounts include currencies being held for agricultural market development, for educational exchange, for the construction of buildings abroad, and other special programs.

With respect to total value, 85% of the U.S. agency requirements are concentrated in six countries in which the United States receives foreign currencies in much smaller amounts; namely, Germany, Japan, Canada, France, the United Kingdom and Italy. The preponderance of currencies available to the Treasury for sale to agencies for regular operations is in countries such as India, Poland, Spain, Pakistan, Yugoslavia, and Israel, where needs are much less.

Table 3.—FOREIGN CURRENCIES AVAILABLE TO MEET U.S. REQUIREMENTS, 1962

[In millions of dollar equivalents]

Country	Supply	Requirements (expenditures)		Amounts available for use after 1962 ¹	Requirements for commercial purchase in 1962
		Other than special programs	Special programs		
Excess currencies:					
Burma.....	17.0	1.7	1.2	14.2	-----
India.....	362.9	5.2	8.3	349.4	-----
Israel.....	54.9	2.0	3.2	49.7	-----
Pakistan.....	84.8	9.3	3.1	72.4	-----
Poland.....	116.6	2.4	2.5	111.7	-----
United Arab Republic (Egypt).....	39.5	1.2	2.3	36.0	-----
Yugoslavia.....	61.0	1.5	2.6	56.9	-----
Total, excess currencies.....	736.7	23.3	23.2	690.3	-----
Nonexcess currencies:					
Afghanistan.....	.1	2.3	.1	-----	2.3
Argentina.....	4.0	1.5	.2	2.3	-----
Australia.....	.7	3.1	-----	(*)	2.5
Austria.....	2.0	3.5	.2	.9	2.7
Belgium.....	1.3	7.5	.1	.7	7.0
Bolivia.....	.3	.4	-----	-----	.1
Brazil.....	21.8	4.3	1.0	16.5	-----
Cambodia.....	.4	2.4	-----	-----	2.0
Canada.....	1.0	242.0	(*)	(*)	241.1
Central African Federation.....	-----	.1	-----	-----	.1
Ceylon.....	4.7	1.2	.4	3.1	-----
Chile.....	12.5	1.9	.5	10.0	-----
China, Republic of.....	9.4	7.2	.4	1.9	-----
Colombia.....	6.8	.8	2.0	4.0	-----
Congo, Republic of the.....	(*)	.3	-----	-----	.3
Costa Rica.....	.1	1.3	(*)	(*)	1.2
Cuba.....	.3	.6	-----	-----	.3
Cyprus.....	-----	.8	-----	-----	.8
Czechoslovakia.....	(*)	.2	-----	-----	.2
Denmark.....	1.0	1.9	.1	.5	1.5
Dominican Republic.....	(*)	.3	-----	-----	.3
Ecuador.....	1.0	.7	.2	.2	-----
El Salvador.....	(*)	.8	-----	-----	.8
Ethiopia.....	.6	4.7	-----	.5	4.6
Finland.....	5.2	1.7	1.1	2.5	-----
France.....	12.5	194.1	2.2	1.6	185.5
French overseas territories.....	(*)	(*)	-----	-----	(*)
Germany, Federal Republic of.....	11.9	977.8	.8	3.7	970.4
Ghana.....	.1	.9	(*)	.1	.9
Greece.....	15.1	9.0	1.1	5.0	-----

See footnotes at end of table.

SPECIAL ANALYSIS E—Continued

FOREIGN CURRENCY AVAILABILITIES AND USES—Continued

Table 3.—FOREIGN CURRENCIES AVAILABLE TO MEET U.S. REQUIREMENTS, 1962—Continued

(In millions of dollar equivalents)

Country	Supply	Requirements (expenditures)		Amounts available for use after 1962 ¹	Requirements for commercial purchase in 1962
		Other than special programs	Special programs		
Nonexcess currencies—Con.					
Guatemala.....	0.1	2.1	(*)	(*)	2.1
Haiti.....	.1	.4			.2
Honduras.....	.4	.7		(*)	.3
Hungary.....	1.5	0.1		1.4	
Iceland.....	1.3	2.6	(*)		1.3
Indonesia.....	22.1	1.0	0.6	20.6	
Iran.....	2.8	8.3	.1		5.6
Iraq.....		.8			.8
Ireland.....	.2	.6	(*)		.4
Italy.....	13.2	64.1	1.3	6.8	59.0
Japan.....	22.8	259.0	1.8	4.1	242.0
Jordan.....	.2	5.5			5.3
Korea.....	16.0	35.4	.3		19.8
Laos.....		1.3			1.3
Lebanon.....	(*)	3.1		(*)	3.1
Liberia.....		(*)			(*)
Libya.....	.2	4.9			4.7
Luxembourg.....		.2			.2
Malaya.....	.1	.9	(*)	.1	.9
Mexico.....	2.9	7.0	.4	.2	4.7
Morocco.....	3.4	17.2	.1		13.8
Nepal.....	.4	1.6		.4	1.6
Netherlands.....	6.4	7.0	.4	5.3	6.3
Netherlands oversea territories.....		.1			.1
New Zealand.....	.1	1.4	.1		1.4
Nicaragua.....	.1	.3		(*)	.3
Nigeria.....	(*)	.5	(*)	(*)	.5
Norway.....	.7	5.4	.1	.5	5.2
Panama.....	(*)	(*)		(*)	
Paraguay.....	.4	.7	(*)	(*)	.4
Peru.....	3.9	1.5	.7	1.8	
Philippines.....	8.6	43.0	.4		34.7
Portugal.....	1.0	1.3	.2	.3	.8
Portuguese oversea territories.....	.1	5.2			5.1
Rumania.....	(*)	.5			.5
Saudi Arabia.....	.1	.6		.1	.6
Senegal.....		(*)			(*)
Singapore.....		.9			.9
Somalia.....	(*)	2.3			2.3
Spain.....	95.4	26.9	1.3	67.1	
Sudan.....	(*)	.6		(*)	.6
Sweden.....	1.1	1.4	.3	.8	1.3
Switzerland.....	1.0	3.2	.3	.6	3.1
Thailand.....	3.2	4.2	.2	.8	2.1
Tunisia.....	.2	.8			.6
Turkey.....	29.7	22.1	1.4	6.2	
Union of South Africa.....	(*)	.8	(*)	(*)	.7
U.S.S.R.....	.1	1.7			1.6
United Arab Republic (Syria).....	9.6	.4		9.2	
United Kingdom.....	7.9	86.2	1.2	3.6	83.1
United Kingdom oversea territories.....	.4	10.9	(*)	.2	10.8
Uruguay.....	5.9	1.0	.7	4.3	
Venezuela.....	.6	1.3	.1	.4	1.2
Vietnam.....	4.3	4.6	.1	.1	.5
Yemen.....		1.1			1.1
Total, nonexcess currencies.....	381.4	2,128.6	22.5	188.4	1,958.0
Total.....	1,118.2	2,151.9	45.7	878.7	1,958.0

¹ The amounts in this column may include currencies which are not available for the general expenses of the United States, but rather are restricted in their use by international agreements, or reserved as authorized or required by law for specific purposes. In those instances where nonexcess currencies are required to be purchased for use in 1962, the amounts in this column are entirely restricted or reserved.

*\$50,000 or less.

Procedure for use of foreign currencies.—Currencies received by the United States in the course of its operations are available for general sale by the Treasury to Federal agencies for meeting any foreign currency costs of agency programs, unless there is a specific provision of law or international agreement prohibiting or limiting the use of the currencies. Normally, when an agency requires foreign currencies to carry out its activities, it must, by Treasury regulation, seek to buy such currencies from the Treasury Department. If that Department has the specifically requested currencies available, it sells them to the agency by charging the agency's appropriations accordingly. If the particular foreign currencies required are not available, they must be purchased through banking channels. Treasury sales are generally at the most advantageous rate at which currencies may be legally obtained, and thus foreign currency expenditures are reported on a comparable basis whether obtained from Treasury or commercial sources.

The currencies sold by the Treasury come from many sources, including the U.S. share of mutual security counterpart funds and of Public Law 480 sales proceeds, contributions of foreign governments to the administrative expenses of the military advisory assistance groups, the receipts of the informational media guarantee fund derived from the sale of U.S. publications abroad, interest on deposits of currency funds, the disposal of surplus property, and similar operations.

All currencies purchased by agencies from the Treasury with their regular dollar appropriations or with special appropriations provided to purchase the currencies are reflected in the budget as dollar receipts and expenditures. The dollar proceeds from Treasury sales are either credited to the miscellaneous receipts of the Treasury, or to various revolving funds or appropriations as authorized by law. Public Law 480 requires the dollar proceeds from sale of Public Law 480 currencies to be credited to the Commodity Credit Corporation. Sales of currencies received from the operations of the informational media guarantee fund are credited to that fund, and currencies obtained through the sale of military equipment under the Mutual Security Act are credited to the military assistance appropriation.

U.S. uses of foreign currencies.—Table 4 summarizes foreign currency transactions of U.S. use currencies as they are reflected in the Budget. This table includes all currencies actually available for U.S. uses and all expenditures of foreign currencies including those covered by appropriations—both regular appropriations and special foreign currency program appropriations.

TABLE 4.—SUMMARY OF FOREIGN CURRENCY TRANSACTIONS—U.S. USES

(In millions of dollar equivalents)

	1960 actual	1961 estimate	1962 estimate
Cash balance brought forward:			
Excess countries.....	382	545	631
Nonexcess countries:			
Restricted.....	114	87	58
Unrestricted.....	168	143	101
Subtotal.....	664	775	790
Collections:			
Public Law 480 sales.....	232	260	118
Mutual security program:			
U.S. portion of counterpart deposits.....	27	14	14
Other mutual security collections.....	11	8	8

SPECIAL ANALYSIS E—Continued

FOREIGN CURRENCY AVAILABILITIES AND USES—Continued

TABLE 4.—SUMMARY OF FOREIGN CURRENCY TRANSACTIONS—
U.S. USES—Continued

[In millions of dollar equivalents]

	1960 actual	1961 estimate	1962 estimate
Collections—Continued			
Other nonloan collections:			
Contributions for support of U.S. forces abroad.....	23	—	—
Surplus property and lend-lease.....	49	27	15
Informational media guarantees.....	4	7	7
Miscellaneous.....	38	69	70
Loan repayments (principal and interest):			
Public Law 480 loans.....	7	17	25
Mutual security loans.....	12	15	23
Subtotal.....	404	418	280
Total availabilities.....	1,067	1,192	1,070
Expenditures:			
Without dollar control.....	38	35	20
With dollar credits to—			
Miscellaneous receipts.....	118	125	108
Commodity Credit Corporation fund, De- partment of Agriculture.....	72	117	120
Informational media guarantee fund, United States Information Agency.....	4	4	4
Acquisition, operation, and maintenance of buildings abroad, Department of State..	(¹)	6	(¹)
Total expenditures.....	233	287	253
Adjustments due to changes in exchange rates.....	60	115	—
Cash balances carried forward:			
Excess countries.....	545	631	694
Nonexcess countries:			
Restricted.....	87	58	43
Unrestricted.....	143	101	79
Subtotal.....	775	790	817
Total expenditures, adjustments, and balances.....	1,067	1,192	1,070

¹ \$500 thousand or less.

Recommendations for 1962.—Most U.S. uses of foreign currencies are covered by unrestricted dollar appropriations under which needed currencies are purchased from the Treasury, if available, and from outside sources, if not. This is the case for the salaries and expenses of departmental programs overseas which use currencies. For those situations where currencies are available in the Treasury in excess of amounts needed for regular appropriations or where there remain unobligated balances of currencies restricted by international agreement or understanding for particular U.S. uses, separate appropriations are proposed for special foreign currency programs.

The Congress approved such special appropriations for the first time for 1961. Table 5 compares the proposed 1962 program with the appropriations approved by Con-

gress for 1961. The foreign currency programs of the United States Information Agency, the Department of Agriculture, and the Department of State were, prior to 1961, carried on without dollar controls. Table 7 indicates the extent of such authorizations to expend foreign currency in 1960.

Table 5.—SPECIAL FOREIGN CURRENCY PROGRAM APPROPRIATIONS—NEW OBLIGATIONAL AUTHORITY 1961-62

[In thousands of dollar equivalents]

	1961 enacted	1962 estimate
National Science Foundation: Salaries and expenses.....	—	2,000
United States Information Agency:		
Salaries and expenses.....	3,000	8,500
Special international program.....	650	1,250
Department of Agriculture:		
Agricultural Research Service: Salaries and expenses.....	15,131	5,265
Foreign Agricultural Service: Salaries and expenses.....	14,621	3,444
Department of Commerce: National Bureau of Standards: Research and technical services.....	—	1,000
Department of Health, Education, and Welfare:		
Office of Education: Salaries and expenses.....	31	9
Office of Vocational Rehabilitation: Research and training.....	930	1,372
Public Health Service: Scientific activities overseas.....	3,707	10,084
Social Security Administration: Research and training.....	—	2,213
Department of the Interior:		
Bureau of Reclamation: General investigations.....	—	4,500
Bureau of Commercial Fisheries: Management and in- vestigations of resources.....	—	1,000
Department of State:		
Acquisition, operation, and maintenance of buildings abroad.....	4,500	5,300
International educational exchange activities.....	6,600	8,200
Total.....	49,170	54,137

Table 6 gives the detail by country of the proposed appropriation for the 1962 special foreign currency programs. A total of \$50 million is proposed for use of excess currencies and \$4 million is proposed for use of remaining restricted currencies in nine other countries.

The currencies used to finance the special foreign currency programs are either excess or restricted. The availabilities for these programs, as indicated on table 6, are based entirely on Public Law 480 sales proceeds for U.S. use. The availabilities indicated for excess currencies are estimated on the basis of balances on hand, and anticipated collections from agreements already signed or anticipated during 1962. The availabilities of nonexcess currencies represent balances of restricted currencies which will not be needed to finance special foreign currency program appropriations provided through 1961. Since agreements are no longer being negotiated with restrictions on the U.S. share of the sales proceeds, these nonexcess restricted currency availabilities for 1962 have declined substantially below those of 1961.

SPECIAL ANALYSIS E—Continued
FOREIGN CURRENCY AVAILABILITIES AND USES—Continued

Table 6.—SPECIAL FOREIGN CURRENCY PROGRAMS—U.S. USES, 1962

[In thousands of dollar equivalents at Treasury selling rates]

	Total available	National Science Foundation: Salaries and expenses P. 187	United States Information Agency		Department of Agriculture		Department of Commerce: National Bureau of Standards: Research and technical services P. 467
			Salaries and expenses P. 220	Special Inter- national program P. 222	Agricultural Research Service: Salaries and expenses P. 343	Foreign Agricultural Service: Salaries and expenses P. 370	
Excess currencies:							
Burma.....	3,340		225		37	40	
India.....	113,060	50	3,810		1,066	977	533
Israel.....	11,790	800	101		1,503	564	405
Pakistan.....	48,412		1,238		455	402	62
Poland.....	238,008	600	374	50	1,025	170	
United Arab Republic (Egypt).....	33,232	50	986	105	406	460	
Yugoslavia.....	17,896	500	965	95	625	174	
Undistributed.....				1,000			
Total, excess currencies.....	465,738	2,000	7,699	1,250	5,117	2,787	1,000
Nonexcess currencies (restricted):							
Argentina.....	7					7	
Colombia.....	840					340	
Greece.....	235						
Japan.....	242						
Korea.....	547		399		148		
Peru.....	100						
Turkey.....	¹ 2,812		402			260	
United Arab Republic (Syria).....	1,369					50	
Vietnam.....	² 175						
Total, nonexcess currencies.....	6,327		801		148	657	
Total.....	472,065	2,000	8,500	1,250	5,265	3,444	1,000

	Department of Health, Education, and Welfare				Department of the Interior		Department of State		Total
	Office of Education: Salaries and expenses	Office of Vocational Rehabilitation: Research and training	Public Health Service: Scientific activities overseas	Social Security Administration: Research and training	Bureau of Reclamation: General investigations	Bureau of Commercial Fisheries: Management and investigations of resources	Acquisition, operation, and maintenance of buildings abroad	International educational exchange activities	
	P. 633	P. 636	P. 657	P. 678	P. 735	P. 776	P. 858	P. 870	
Excess currencies:									
Burma.....		76	479	3			690	451	2,001
India.....		339	2,674	480	893	325	530	1,850	13,527
Israel.....		359	1,541	516	244	225	380	524	7,162
Pakistan.....	4	114	622	239	645	150	635	1,843	6,409
Poland.....		161	2,003	181	1,154	150	350	650	6,868
United Arab Republic (Egypt).....	5	126	945	582	466	150	430	665	5,376
Yugoslavia.....		197	1,820	212	1,098		1,250	725	7,661
Undistributed.....									1,000
Total, excess currencies.....	9	1,372	10,084	2,213	4,500	1,000	4,265	6,708	50,004
Nonexcess currencies (restricted):									
Argentina.....									7
Colombia.....							500		840
Greece.....							235		235
Japan.....								242	242
Korea.....									547
Peru.....								100	100
Turkey.....							300	1,100	2,062
United Arab Republic (Syria).....									50
Vietnam.....								50	50
Total, nonexcess currencies.....							1,035	1,492	4,133
Total.....	9	1,372	10,084	2,213	4,500	1,000	5,300	8,200	54,137

¹ \$750,000 of this amount reserved for future sale to Department of State, special foreign currency program appropriations, authorized by 7 U.S.C. 1704(h).² \$89,000 of this amount reserved for future sale to Department of State, special foreign currency program appropriations, authorized by 7 U.S.C. 1704(h).

SPECIAL ANALYSIS E—Continued

FOREIGN CURRENCY AVAILABILITIES AND USES—Continued

In arriving at the proposed 1962 program in tables 5 and 6, eligible currencies were notified which currencies were in excess supply and of the remaining amounts of restricted currencies in each country. They were requested to prepare budget submissions indicating the currencies that could advantageously be used for authorized programs. These submissions were reviewed in a manner similar to the review of regular agency dollar budgets. The country amounts are based on the best information currently available. While some modifications may become necessary, it is not expected that the availability of currencies will permit carrying out programs in countries other than those indicated.

U.S. uses without dollar controls.—Prior to 1961, currencies were allocated for U.S. agency programs under statutory authorizations for use not covered by an appropriation. Unexpended balances under most of these allocations were appropriated as of June 30, 1960, and joined with the 1961 special foreign currency program appropriations for the same purposes. In the case of exports to third countries under the mutual security program and family housing for dependents overseas of the Department of Defense, there was no special foreign currency program appropriation for 1961 and none is proposed for 1962. Unexpended balances of these programs have remained available and will continue to be used during 1962. Table 7 summarizes these foreign currency transactions which are not covered by appropriations. Further details are given in informational tables in the appropriate chapters of the budget.

Table 7.—FOREIGN CURRENCY PROGRAMS WITHOUT DOLLAR CONTROLS—U.S. USES

[In thousands of dollar equivalents]

	1960 actual	1961 estimate	1962 estimate
Programs:			
1. Mutual security program exports.....	19,563	4,453	-----
2. United States Information Agency.....	5,205	-----	-----
3. Department of Agriculture.....	5,004	-----	-----
4. Department of Defense.....	10,958	2,721	350
5. Department of State.....	8,045	-----	-----
Total obligations.....	48,775	7,174	350
Financing:			
Comparative transfers to other accounts, net.....	2,837	-----	-----
Unobligated balance brought forward (—).....	—54,694	—9,917	930
Recoveries of prior year obligations (—).....	—942	-----	-----
Adjustment due to changes in exchange rates.....	3,107	-----	-----
Unobligated balance carried forward.....	9,917	930	580
Unobligated balance lapsing.....	15,459	1,267	-----
Unobligated balance transferred to appropriations.....	59,608	-----	-----
Dollar value credited to appropriations or funds.....	234	6,388	200
Authorizations to expend foreign currency receipts.....	84,302	5,842	200

Analysis of Expenditures

Obligated balance brought forward.....	53,768	47,178	19,454
Obligations incurred during year, net.....	51,600	7,174	350
Adjustment of prior year obligations.....	—928	-----	-----
Adjustment due to changes in exchange rates.....	—705	-----	-----
Obligated balance carried forward.....	—47,178	—19,454	—119
Obligated balance transferred to appropriations.....	—18,646	-----	-----
Expenditures.....	37,911	34,898	19,685

Table 7.—FOREIGN CURRENCY PROGRAMS WITHOUT DOLLAR CONTROLS—U.S. USES—Continued

Analysis of Expenditures—Continued

[In thousands of dollar equivalents]

	1960 actual	1961 estimate	1962 estimate
Expenditures are distributed as follows:			
1. Mutual security program exports.....	4,469	14,697	9,474
2. United States Information Agency.....	1,216	-----	-----
3. Department of Agriculture.....	7,981	26	-----
4. Department of Defense.....	17,020	20,175	10,211
5. Department of State.....	7,235	-----	-----

Country uses.—A far larger amount of foreign currencies are used outside of the appropriations process for loans and grants in the host country. These are country use currencies which are committed by the terms of the sales agreements of surplus agricultural commodities to be used for programs of mutual benefit in agreement with the host country. These purposes include the common defense, economic development, and loans to American and certain foreign private enterprise. In addition, the Development Loan Fund will make a small but increasing amount of foreign currency loans financed from its own repayments of past loans.

The authorizations to expend foreign currencies under Public Law 480 are based on sales agreements and, in some cases, are subject to future collections of currencies. Thus amounts shown in table 8 are not on a cash basis and therefore differ from table 1.

Table 8.—FOREIGN CURRENCY PROGRAMS—COUNTRY USES

[In thousands of dollar equivalents]

	1960 actual	1961 estimate	1962 estimate
Programs:			
1. Loan and grant programs under Public Law 480:			
Mutual security program.....	239,679	536,252	620,000
Export-Import Bank.....	17,463	67,700	73,100
2. Other programs:			
Mutual security program.....	150,698	142,230	110,000
Development Loan Fund.....	-----	5,000	15,000
Total obligations.....	407,840	751,182	818,100
Financing:			
Unobligated balance brought forward (—).....	—1,172,686	—1,794,651	—2,683,775
Recoveries of prior year obligations (—).....	—141	-----	-----
Adjustment due to changes in exchange rates.....	7,768	-----	-----
Unobligated balance carried forward.....	1,794,651	2,683,775	2,426,138
Dollar value credited to appropriations or funds.....	828	4,087	9,700
Authorizations to expend foreign currency receipts.....	1,038,258	1,644,393	570,163

Analysis of Expenditures

Obligated balance brought forward.....	616,035	496,591	594,489
Obligations incurred during year, net.....	407,696	751,182	818,100
Adjustment due to changes in exchange rates.....	—5,902	-----	-----
Obligated balance carried forward.....	—496,591	—594,489	—692,756
Expenditures.....	521,239	653,284	719,833

SPECIAL ANALYSIS E—Continued

FOREIGN CURRENCY AVAILABILITIES AND USES—Continued

Table 8.—FOREIGN CURRENCY PROGRAMS—COUNTRY USES—Con.

Analysis of Expenditures—Continued

[In thousands of dollar equivalents]

	1960 actual	1961 estimate	1962 estimate
Expenditures are distributed as follows:			
1. Loan and grant programs under Public Law 480:			
Mutual security program.....	313,814	460,944	540,500
Export-Import Bank.....	20,031	30,840	48,751
2. Other programs:			
Mutual security program.....	187,394	161,500	130,082
Development Loan Fund.....			500

Table 9 provides further detail on the cumulative amounts of foreign currency to be received from the sale of surplus agricultural commodities under title I of Public Law 480 from the inception of the program in 1954 through September 30, 1960. The table also shows the amounts of sales proceeds which are committed by the agreements for grants for the common defense, grants for economic development, loans to American and other private enterprise and loans to the purchasing government. In contrast to the previous tables in this special analysis, the amounts shown are in dollar equivalent at the exchange rates provided in the sales agreements rather than at the Treasury selling rate of June 30, 1960.

Table 9.—CUMULATIVE AVAILABILITIES OF FOREIGN CURRENCIES UNDER PUBLIC LAW 480 WITH DETAILS ON COUNTRY USES

Agreements signed through Sept. 30, 1960

[In thousands of dollar equivalents]

Country	Cumulative value of sales agreements			Country use programs			
	Total	U.S. use	Country use	Common defense assistance grants (sec. 104(c))	Economic development grants (sec. 104(e))	Private enterprise loans (sec. 104(e))	Economic development loans (sec. 104(g))
Argentina.....	64,100	19,350	44,750			8,250	36,500
Austria.....	42,940	16,612	26,328				26,328
Brazil.....	179,920	28,698	151,222	2,000			149,222
Burma.....	40,700	8,150	32,550				32,550
Ceylon.....	26,100	5,640	20,460		4,340	6,540	9,580
Chile.....	46,100	9,770	36,330	100		1,625	34,605
China.....	55,500	14,050	41,450	30,550		8,600	2,300
Colombia.....	70,890	18,360	52,530	80		11,270	41,180
Ecuador.....	10,940	2,570	8,370			710	7,660
Finland.....	44,735	16,116	28,619			3,165	25,454
France.....	57,910	43,921	13,989			13,989	
Germany.....	1,200	1,200					
Greece.....	72,300	20,435	51,865		7,470	3,845	40,550
Iceland.....	10,270	2,131	8,139			765	7,374
India.....	1,345,203	197,086	1,148,117		353,665	110,534	683,918
Indonesia.....	148,300	33,705	114,595		15,900	12,800	85,895
Iran.....	31,229	9,217	22,012	5,763		1,496	14,753
Israel.....	168,554	26,990	141,564		4,200	25,827	111,537
Italy.....	152,900	46,150	106,750			6,250	100,500
Japan.....	150,800	41,250	109,550	700			108,850
Korea.....	165,900	28,640	137,260	135,260		2,000	
Mexico.....	28,200	7,500	20,700			7,100	13,600
Netherlands.....	275						
Pakistan.....	396,870	82,808	314,062	79,366	57,592	41,712	135,392
Paraguay.....	3,000	750	2,250				2,250
Peru.....	37,280	10,683	26,597	100		4,974	21,523
Philippines.....	14,400	5,100	9,300	3,100		1,000	5,200
Poland.....	365,300	365,300					
Portugal.....	7,100	3,700	3,400				3,400
Spain.....	456,130	217,490	238,640	9,910			228,730
Thailand.....	4,600	2,550	2,050				2,050
Turkey.....	232,265	98,204	134,061	63,739		18,230	52,092
United Arab Republic (Egypt).....	198,800	47,950	150,850			37,450	113,400
United Arab Republic (Syria).....	28,200	6,100	22,100			5,200	16,900
United Kingdom.....	48,150	48,150					
Uruguay.....	43,200	10,750	32,450			10,750	21,700
Vietnam.....	13,000	3,297	9,703	6,478		3,225	
Yugoslavia.....	408,530	81,149	327,381		114,290		213,091
Total.....	5,171,791	1,581,797	3,589,994	337,146	557,457	347,307	2,348,084

